

NATION'S BUSINESS



MARCH • 1932



RECONSTRUCTION

The double task which confronts the Reconstruction Finance Corporation and how it may solve it

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RAILROADS

An answer to the question: Why do railroads ask higher rates when other prices are falling?

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GOVERNMENT EXPENSES

An explanation by business of why they must be reduced and how this can be done

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U. S. CHAMBER OF COMMERCE
MERLE THORPE, Editor

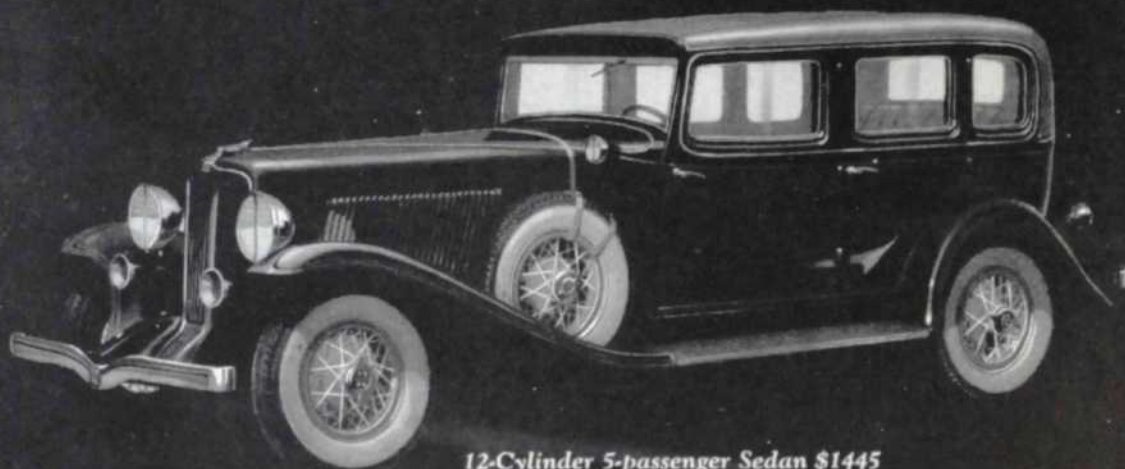
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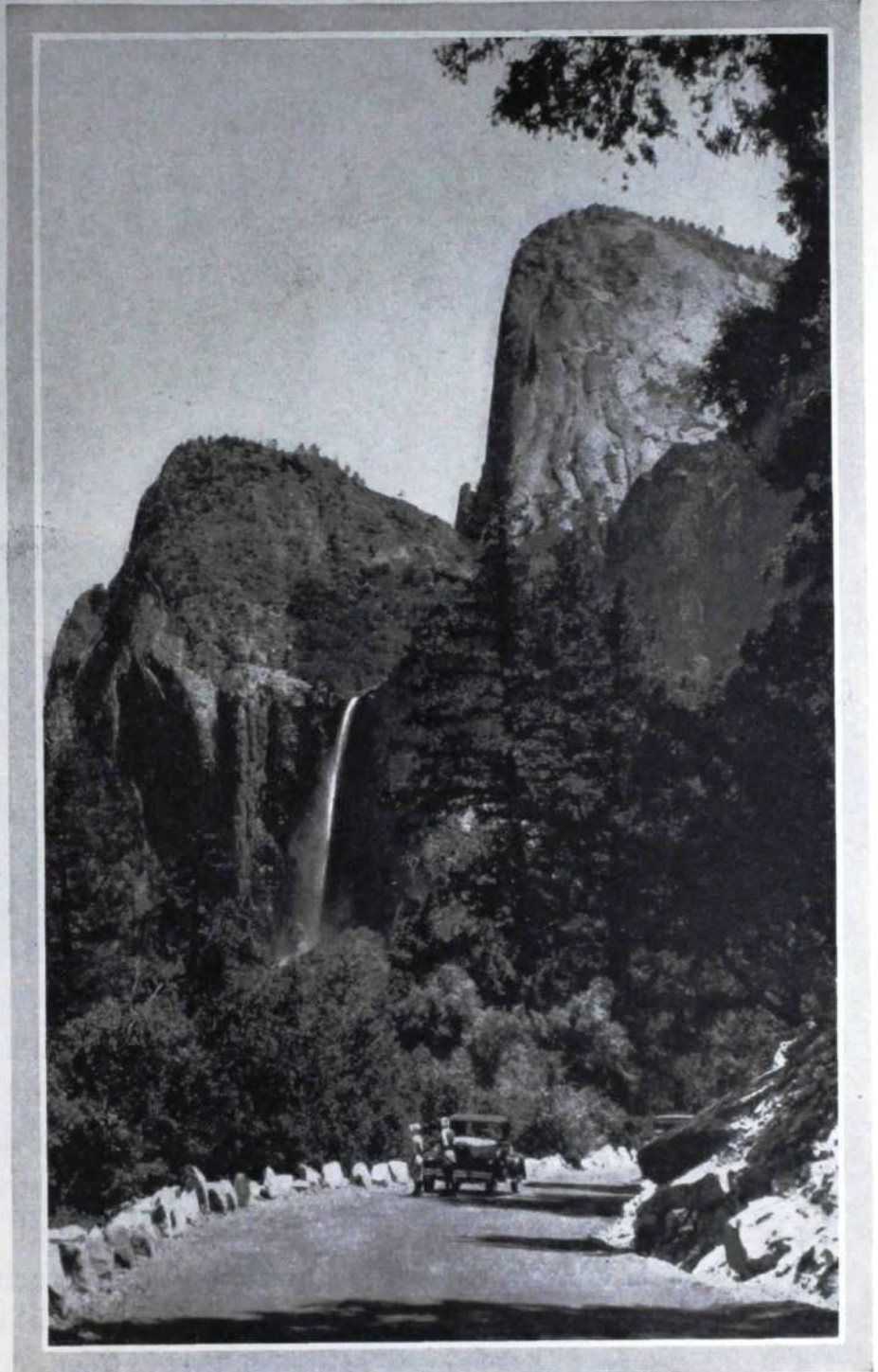
San Francisco centers this California vacationland, and it is a fascinating city. Born a Spanish pueblo, the Gold Rush made it a great world city overnight. Today it is a cosmopolitan, colorful city whose name is heard wherever travellers congregate. No one who has been here has ever forgotten San Francisco's famed hotels and restaurants, her brilliant streets and shops. Surely you'll thrill to Chinatown, the long Embarcadero, 1000-acre Golden Gate Park, the Beach...and dinner above the dancing lights that move upon the Bay...

Come this summer, or come right now. San Francisco is glorious at any time of year!

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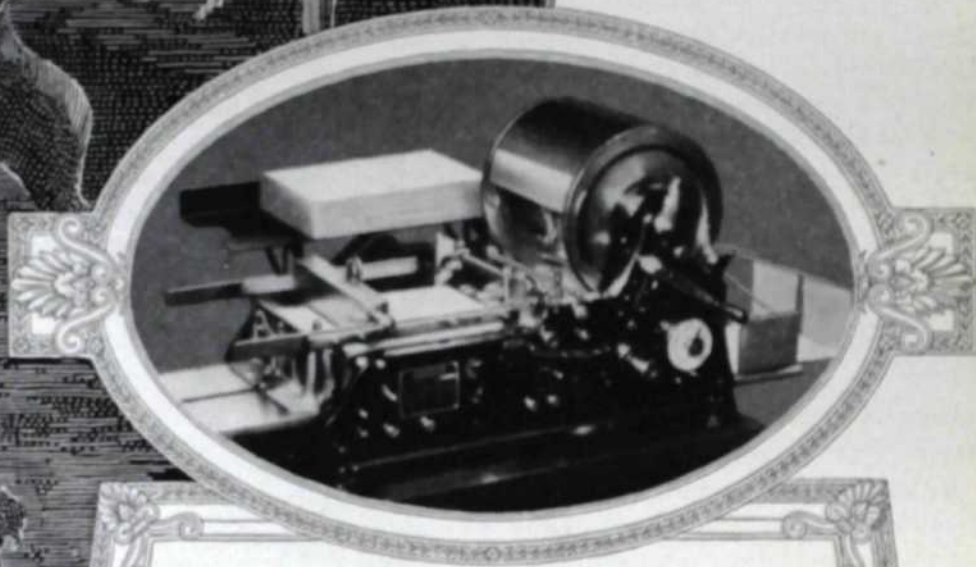
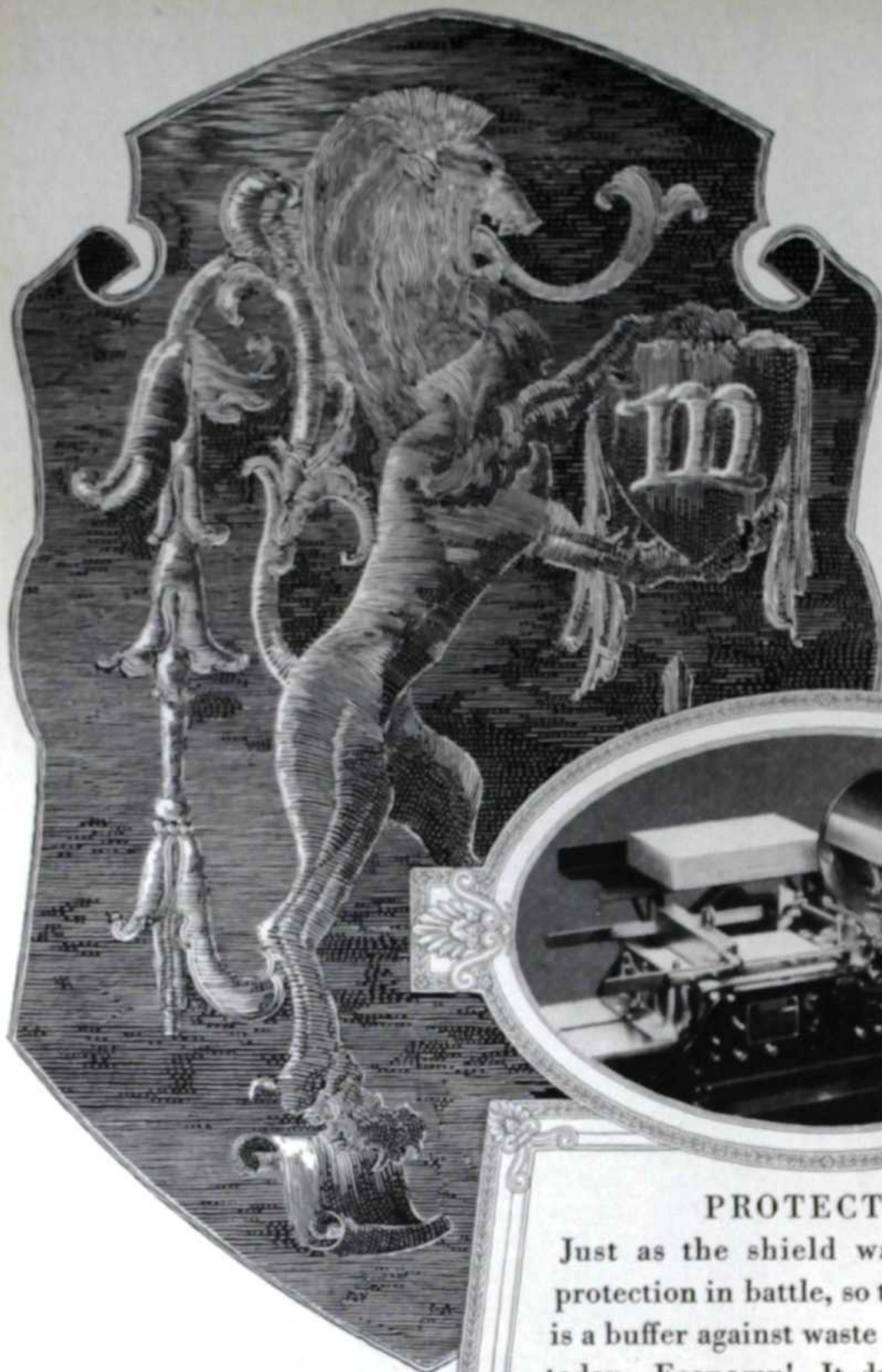
YOSEMITE VALLEY (right) and dozens of other famous vacation places lie within only a few hours' smooth ride from San Francisco. Here is thrilling golf and every other outdoor sport; here are great resorts and quiet hideaways.

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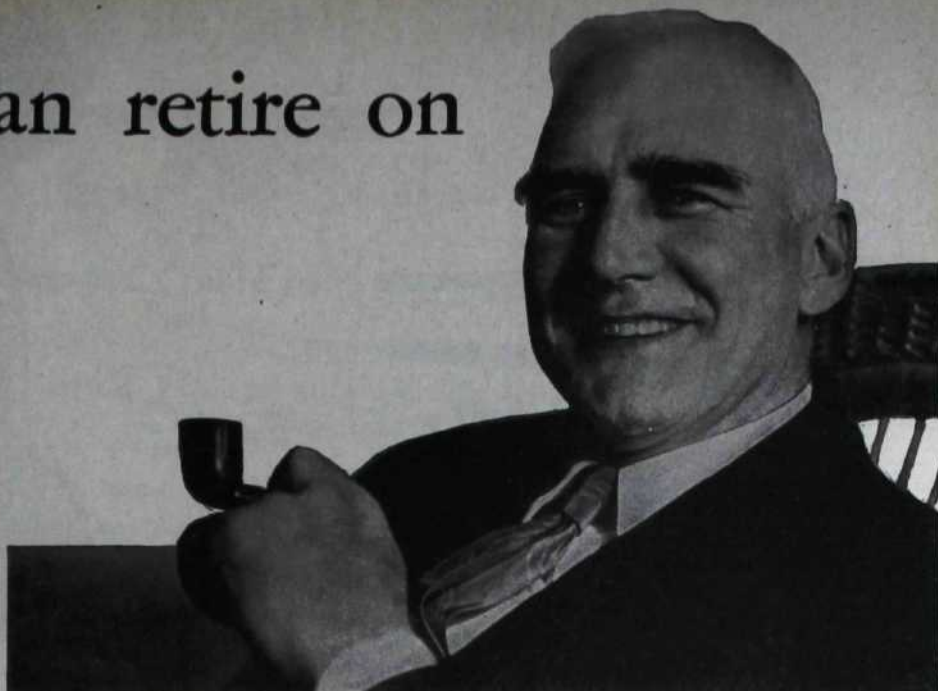
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a month



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This life income is guaranteed to you by the Phoenix Mutual, an 80-year-old company with over 600 million dollars of insurance in force.

A business man recently asked us questions about the Plan. Here are his questions and our answers: "A Retirement Income takes care of me, but suppose my wife outlives me. How can I be sure she will not be without money?"

"That can be taken care of. The income can be made to continue as long as either you or your wife lives."

"Suppose I should be killed suddenly by some accidental means."

"Your wife would receive double the amount of cash or double the income received in the event of natural death."

"Suppose serious illness or accident should destroy my earning power while I was still young. Where would I get money to live on?"

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come to live on. This income would continue as long as your disability lasted, even if that disability lasted the rest of your natural life."

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It guarantees when you are 60

A Monthly Income for life of \$200, which assures a return of at least \$20,000, and perhaps \$30,000, \$40,000 or more, depending upon how long you live, or, if you prefer, a Cash Settlement of \$27,000.

It guarantees upon death from any cause before age 60

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It guarantees upon death from accidental means before age 60

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It guarantees in event of permanent total disability before a stated age

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fund provided for that purpose."

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NATION'S BUSINESS for March

VOLUME 20



NUMBER 3

CONTENTS

Profits

Today as never before we are hearing demands that the Government redistribute wealth. We hear that the world would be an infinitely better place if business for profit could be abolished. On page 17 we begin a series of articles examining this argument. A prominent business man has opened his own business life to inspection in an effort to determine if the world is worse or better because of what he has done. He believes his profits are but the measure of a far greater wealth that he has helped to create for others.

Federal Aid

It is a commonplace that the problem of helping the unemployed and the needy defines a test of good citizenship. It is not debatable that "those who have must give to those who need." But there is evidence to show that some ways of doing this are better than others and that almost any way is better than by direct federal assistance. Much of this evidence is included in an article by Mr. Thorpe, beginning on page 20.

Washington Letter

No mind can absorb all the Washington news. It is too confusing. The reader must pick and choose, must take a part of it seriously and disregard the rest. That is what Mr. Kiplinger does for you again this month.

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Sanities

In the midst of the general confusion and the advancement of cure-all plans to get us out of the depression, a great deal of sound thinking is being done today. Congressmen, business leaders, statesmen are thinking and acting along sane and practical lines. This return to wisdom in many fields is one of the cheerful signs of the day. On page 25 we quote a few recent remarks that show this trend.

Postal Rates

The Post Office Department deficit has focussed attention on postal rate revision. Many proposals have been made. They are reviewed in the article, "A Clinic on the Postal Deficit," page 27.

Old-Age Pensions

Although it is not so widely discussed as some others, the question of providing for aged employees is a very definite one and one to which business is giving more and more attention. Beginning on page 28, an insurance man relates how one company worked out its plan, what it cost, and provided. Names are changed, but the facts are not.

Retailing

A man who expanded a single store into a successful chain of 400 stores gives his formula for retailing in an article starting on page 82.

MERLE THORPE, Editor and Publisher

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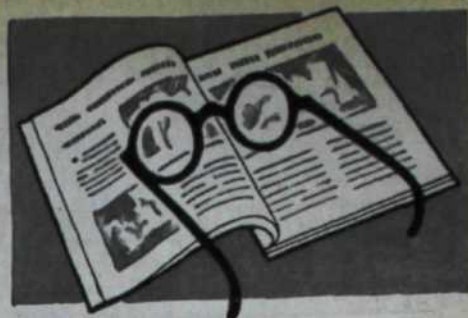
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Checks are safe, convenient. And a checking account gives you a receipt for every bill you pay—a monthly record of expenses—the prestige and advantage of a good banking connection.

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Through the EDITOR'S SPECS

SPEAKING of tracing rumors to their lairs: A few weeks ago a gentleman wrote me attacking the "Power Trust". One statement he made was to the effect that he knew of an electric light plant which the "Power Trust" had bought from a city for \$800 and which was immediately valued at \$36,000. I wrote him as follows:

"Tell me more about the case. I am interested."

Here is how difficult it is to get real low-down, inside information:

He replied, "I am unable to advise you regarding this particular case as my informer would be at the mercy of the thieves who do such things," and so forth, and so forth.

◆
THOSE Senators, including Senator Borah, who are advocating a reduction of congressional salaries, are playing with fire. When the Roman Senate had given the voters free grain, free wine and free vaudeville, the state of the treasury became such that the Senators had to serve for nothing, just for the glory of it!

◆
A NOTE which always recurs in hard times is again sounded wherever public matters are discussed. It is that capitalism has run amuck, that the rich are too rich, and that there should be a redistribution of wealth. To put it in simpler language, demagogues, parlor and public, are solemnly asserting that the wealth of the capitalist must be taken away from him, that he must be further restricted, or taxed out of existence completely.

This present temper of the times makes most readable the "Confessions of a Capitalist," starting in this number. It is written by a real business man, observant, thoughtful, idealistic, successful. Personally, I'll stake my repu-

AN OPPORTUNITY TO BE INDEPENDENT which may not occur again for 20 years

SOME MEN view a business depression with alarm. Others view it as an opportunity.

A business depression, like any other big shake-up in human affairs, causes old leaders to fall and new leaders to take their places.

That is what happened in 1907. It happened again in 1921. It is happening today.

Profound changes are taking place in business—this year, this month, *now*. The man who sees in these changes his opportunity for independence and power is the man who will make his fortune in the next five years.

Business today is new and complex. The old rules no longer work. A whole new set of problems is presented by production. Foreign markets have become a vital issue. An entirely new conception of selling is replacing the old hit-or-miss way. Consolidations and reorganizations have wiped out old jobs, created new functions.

In order to progress today, a man must know the new rules. And the man who does know the new rules will go farther and faster in the next five years than the average man goes in twenty years.

Send for the Booklet which describes this Opportunity

Since 1929 the Alexander Hamilton Institute has been laying the foundation of a new kind of Service for the leaders of tomorrow. The ablest business minds—men of international reputation—have helped prepare this new Service. Here are a few of them: M. H. AYLESWORTH, *President*, National Broadcasting Company; THOMAS J. WATSON, *President*, International Business Machines Corporation and *President*, Merchants' Association of New York; HUBERT T. PARSON, *President*, F. W. Woolworth Company; COLBY M. CHESTER, JR., *President*, General Foods Corporation.

A booklet has been prepared which tells about this new Service and about the opportunities of the next five years. It is called "What an Executive Should Know." The booklet is well

worth half an hour of your time. It contains the condensed results of 20 years' experience in helping men to forge ahead financially. Many men have said that in 30 minutes it gave them a clearer picture of their business future than they ever had before. This booklet costs nothing. Send for it.

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which I may keep without charge.

Name Age

Business Address

.....

Business Position

After the pantry shelf ..what then?



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tation as an editor that if you will read the first page you'll go on gloriously interested to the end.

ACTING Chairman Crisp, of the House committee considering taxation, complains because the business interests of the country oppose higher taxes.

"They apparently," says Mr. Crisp, "do not realize that their own prosperity and safety depend upon how soon we balance the national budget. It is the most vital issue in this country's economic recovery."

I think the business men do appreciate the necessity of balancing a budget. They deal in budgets. They know how an unbalanced budget disturbs credit and morale. It is always the red flag of danger. But business men likewise understand that there are two ways of balancing a budget—one by increasing income, the other by decreasing expense. They hope that with so much activity in finding additional sources of income, there will be also activity in the curtailment of those activities of government which call for increased taxes.

A young man came east two years ago from the Middle West. He was offered a salary of \$6,000 a year. He leased an apartment on that basis. The other day his salary was cut to \$5,000. Within an hour after receipt of the notice, he was devising ways to move into a cheaper apartment. This is the American way—cutting the suit to the cloth. This is the way of the American individual. That is what we expect of our representatives in Congress.

I HAVE followed the debates and discussions on the floor of Congress and in committees with more than usual interest this year. I have felt that it was a different body from its predecessors. Many of the old faces are there; it looks like its predecessors, but there is a more earnest, a more serious atmosphere.

Follow the debates and you find, I am sure, less deviation from the straight line to action, less tendency to spread eagle speeches extolling the old home state or upholding the virtues of the honest working man or the plain farmer, "the backbone of the American people."

It's a Congress conscious of great responsibilities in a difficult hour.

MANY of our legislative proposals are based on the false premise that the rich

have been getting richer and the poor poorer.

You have probably seen, as I have many times, the assertion that two per cent of the people own 90 per cent of the wealth; or that five per cent of the people own 95 per cent of the wealth. (The percentage seems to vary with the degree of heat with which the statement is made.)

I have tried for six months to get the authors to give me the source of their figures. I am always referred to somebody else for the proof. As a matter of fact, I do not believe such a statement can be proved. Nor do I believe that a statement which I might pull out of the air, to the effect that the poor are getting richer and the rich poorer, would be susceptible of disproof.

The only statistics on this point of which we may be sure is that 100 per cent of the people own 100 per cent of the wealth.

The bad effect of such muddled thinking is that it creates class prejudice, class jealousy and class reprisals. A nation, like a football team, cannot do its best work if it is torn asunder by friction and bad feeling.

Then again, unscrupulous politicians attempt to capitalize this class feeling by promising to punish those who have been successful, to "soak the rich" as the common phrase goes, and to levy greater taxation regardless of whether there is an urgent need for such expenditure, simply to take money away from those who have it.

JAMES Truslow Adams in his new volume, *The Tempo of Modern Life*, hits the nail on the nose when he says:

What is to become of the stability of government in its time-honored functions if it is to become a business efficiency or a tipster's bureau? In the winning of men's respect, the maintenance of civil order, the dispensing of justice, the waging of war, the handling of foreign relations and other problems of the older statesmanship, is it likely to be helped by undertaking to create prosperity and guide people in their stock speculations?

That "big business" has raised big questions must be allowed. That all questions are now tinged with economics must also be allowed. That some experiments in stabilizing business may be needful and eventually useful may also be allowed. But in the present state of our abysmal ignorance about economics is there not danger in handing over the economic lives and welfare of our people to the Government, already tottering under the load of the older functions, which it is performing none too well, such as maintaining order and dispensing justice?



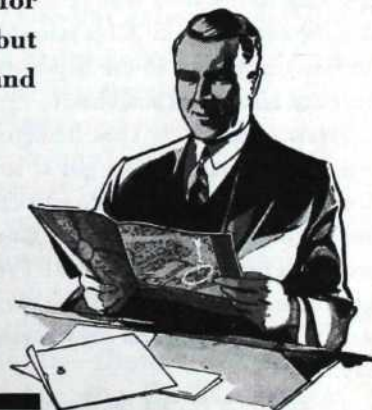
AMERICAN CAN *tells why this* LOCATION PAYS

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New Grounds for Confidence

WHILE Congress concentrates helpfully on ways and means to bring the American economic system into better balance, business is revealing a commendable resourcefulness in its own province.

"Not by the scrutiny of mysteriously drafted charts or diagrams, by the adoption of fatalistic doctrines of the duration of business cycles, or by the crystal-gazing of which the professional prophets are so fond," as one observer puts it, "but rather by a realistic analysis of work done and to be done. Only by knowing its business can any business hope to lay new foundations for satisfactory activity in the future."

A remarkable variety of businesses helped to set the 1931 pattern in brains, in energy, and in courage. Surveying the fortunes of 504 companies, the Advertising Federation of America found 303, or 60 per cent, made a net profit, and 71, or one out of every seven, earned a greater profit in 1931 than in 1930.

Getting down to individual cases the record is consistently convincing. A million-dollar-a-year drive by the American Soap Manufacturers Association to spread the gospel of cleanliness lifted 1930 and 1931 sales totals above the so-called "boom" years, while an oil burner company raised 1930 sales by 56 per cent, and 1931 sales by 37 per cent.

Putting a new face on a familiar household cleaner substantially advanced sales in both 1931 and 1930. A food concern tempted the public with a new kind of cracker and sold 6,750,000 packages in eight months. An old-line piano house turned to the manufacture of motor boats, and was able to increase its profits with no layoff of workers.

A maker of alarm clocks roused the public to a new receptivity with a "polite alarm," coupled with an intensive sales campaign. A similar blood transfusion in 1931 carried an automobile piston ring to a 34 per cent sales gain in six months. And a solder manufacturer broadened his market by putting out a household kit and focusing his advertising on the men folks.

Always a leader, the automobile business opened a fresh bag of blandishments at the

various shows throughout the country, and "bet millions of dollars in cold cash that hard times are on the way out in 1932." One company signed 786 new dealers in 61 days—a testimonial to a mutual conviction that live prospects are abroad in the land.

And last year, in spite of the gloom, five out of eight grocery chains made larger profits than in the previous year, as did one out of six general merchandise chains; five out of nine manufacturers of cosmetics and drugs, and four out of five cigarette makers revealed increased profits.

The reality of bread lines provides its own food for thought. Yet just as pertinent is the report of the American Institute of Meat Packers that more meat was consumed last year than in 1930. And one refrigerator concern boosted its sales 46 per cent, with sales of all companies amounting to a million units for the year—a kitchen fact which argues against a national state of empty larders.

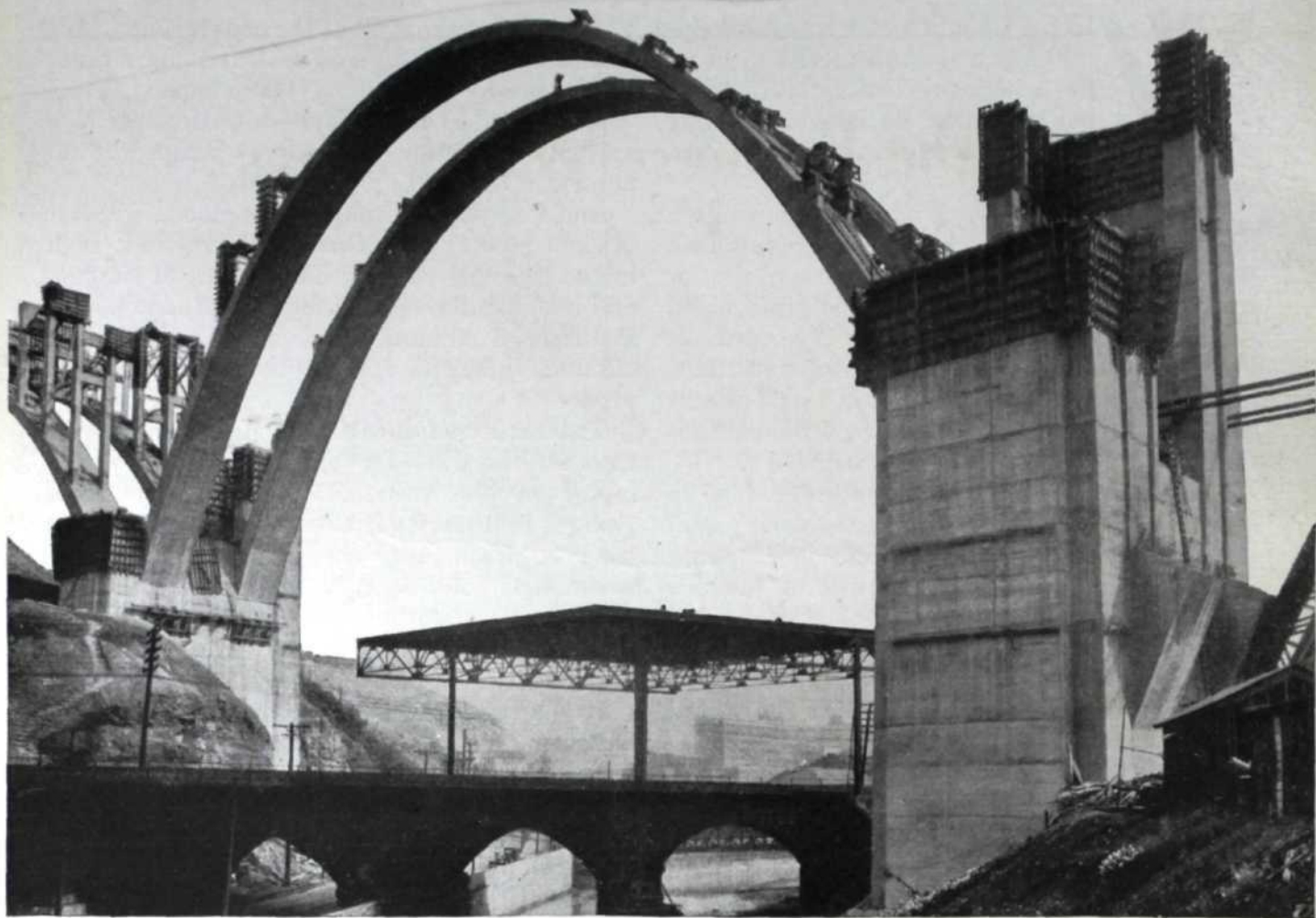
It is a popular fashion to think of 1931 as a "five and ten" year. As a matter of fact, the year did not pass without its industrial superlatives in the best American tradition:—Completion of the largest American-built ocean liner; the building of the world's largest airship; the electrification of a railway connecting two of our largest cities; and the production of the world's largest hydroelectric generators.

Old-fashioned principles are still serviceable, provided they are whetted to a 1932 edge. An electric razor priced at \$25, for example. Against a depression state of mind this product is selling faster than the maker can turn it out.

The imagination to plan, the courage to act, the confidence to promote—these three qualities continue to constitute an effective trinity for success. Lower commodity prices, wage reductions, and easier credit will not help the business which is poverty-stricken in ideas. As was said in another connection, paper and a typewriter are all that are needed to write a book—the trick is to hit the right keys.

Mere Thorne

America's longest concrete arch . . . reinforced with **Westinghouse Welding**



HIGHLIGHTS ON WESTINGHOUSE AND ITS PLACE IN GIANT MARKETS

● The famous Lincoln Highway, leaving Pittsburgh toward Philadelphia, no longer will plunge into the deep-cut Turtle Creek Valley.

The new George Westinghouse Bridge flings its giant span in a bee-line from crest to crest . . . and wayfarers soon will roll along at their ease some 200 feet above the valley bed. No puny engineering feat . . . this bridge! Not less than 150,000 tons of concrete flowed into the forms to mould those arches, of which the center span is the longest concrete arch in America. And hidden in the huge piers and abutments

are 3,700,000 pounds of steel which are knit into a continuous network of reinforcement, appropriately enough, by Westinghouse electric welding machines.

Less than a quarter mile from the George Westinghouse Bridge is an eleven-story office and laboratory building with its steel frame electrically welded throughout. In shops and factories up and down the valley—as well as up and down the endless aisles of all industry—Westinghouse electric welding equipment is revolutionizing many a manufacturing process, reduc-

ing maintenance costs and improving quality.

Into the gigantic market for electric welding equipment each year Westinghouse sends new products of its engineering and manufacturing skill—swelling the total of electrical applications Westinghouse provides for factories, transportation, mines, and power companies, as well as for stores, homes, and offices.

WESTINGHOUSE ELECTRIC
& MANUFACTURING CO.
EAST PITTSBURGH, PA.





NATION'S BUSINESS

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MERLE THORPE, Editor

MARCH, 1932

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As the Business World Wags

THUS WE MAY SEE, QUOTH HE,
HOW THE WORLD WAGS—*As You Like It.*

Our National Deficit



"THE UNITED STATES is on the road to bankruptcy."

That's the way one of the country's foremost financiers put it. He didn't say, "The United States is bankrupt." He didn't say, "The United States is going to be bankrupt." He *did* say, "The United States is on the road to bankruptcy."

This country is facing a deficit of four billions in the three fiscal years which extend from July 1, 1930 to June 30, 1933. Its revenues have been cut almost in two. Whether proposed new taxes will raise as much as they are expected to is a problem.

And if new revenues are lacking and old expenses are kept up there is no alternative save borrowing and each successive loan which is caused by an unbalanced budget will call for a higher rate of interest and as interest on new loans moves up, the market prices of old loans go down. Keep that up and the time comes when the Government can no longer borrow and cannot meet its expenses and keep up the interest on its borrowings. What is left save repudiation and what is repudiation but bankruptcy?

We have cities which are unable to pay their school teachers; cities which are trying to reach a settlement with the holders of their bonds; states which are having the gravest troubles trying to meet their obligations. We have seen the City of New York forced to pay six per cent on a loan and we have seen the obligations of the Federal Government bringing in a return of better than $4\frac{1}{4}$ per cent.

We have all known men whose answer to a reduction of income was borrowing and buying on credit. We have seen what happened to them and have called them fools. Most men facing lowered income start to reduce spending.

Is the Government any different? Is there any sensible thing for it to do but cut down spending and that means to cut down every kind of spending, to cut horizontally.

Suppose the Congress should say to cabinet members

and the heads of independent bureaus and commissions: "Your budget for the next fiscal year will be two-thirds of what it was in the current year. You can save the difference any way you wish, by cutting salaries, giving up activities, discharging men, limiting travel, saving on supplies, or in any way you want but that's all the money you can have." Suppose it did, what a scramble there would be to weed out the unworthy and the useless from the worthy and the worthwhile!

And if each cabinet member were the head of a private business, he'd be doing just that on a greater or lesser scale.

Increase In Savings



THE current campaign against hoarding is a campaign against a lack of faith. No one can wonder that a year which saw ten per cent of the banks in the United States

fail tying up \$1,750,000,000 in deposits, could not be other than a year in which faith in banks was lessened.

Yet, in the face of depression, in the face of a loss of confidence in banks, the deposits in mutual savings banks increased from \$9,465,000,000 on January 1, 1931 to \$10,030,000,000 on January 1, 1932, a gain of \$565,000,000. Meanwhile, the Postal Savings System, which had on December 31, 1930 deposits of \$243,795,000, reported deposits on December 31, 1931 of \$595,660,000, a gain in the year of \$352,000,000.

Altogether there's nearly a billion put away in savings at a time when hoarding has become a menace.

Ruin of Radio Broadcasting?



THE SENATE, urged on by Mr. Couzens of Michigan, has instructed the Federal Radio Commission to look into government ownership of broadcasting facilities,

to what extent radio is used for advertising and, "What plans might be adopted to reduce, to limit, to contrive and perhaps to eliminate the use of radio facilities for commercial advertising purposes."

Radio is a serious—we almost said a dangerous—competitor of the advertising in this magazine. For that

reason, perhaps, we should encourage the Senator in his campaign to eliminate radio advertising.

But we don't and for two reasons.

First, a new form of advertising helps all advertising, makes advertisers out of non-advertisers. As radio advertising is put to the test the advertiser learns what the magazine and the newspaper can do for him that the radio cannot and all forms of advertising are helped. That's the pocket-book argument.

Second, we object to any increased government control of, or interference with, functions of business. If the public feels that it's getting more advertising than it wants, then there will be a great silent boycott of radio that will ultimately make itself felt.

And in addition to that we shudder to think what would leap out when the radio knob is turned if the Government controlled it and apportioned the time among the various departments and independent establishments.

Good Business Helps All



HOW shall we know when the dawn puts an end to this blackness of business depression which now enfolds us? Some oracles urge us to watch consumption of electricity

for when that turns up all will be well.

Others keep their eyes on figures of automobile sales, for when an automobile is sold, steel, rubber, plate glass, lumber, leather, aluminum, copper, cotton and a dozen other commodities have been sold.

You can't revive one industry without reviving all. Added employment means added food consumption and at once the farmer is reached. In good years some

10 per cent of the cotton grown in this country goes into automobiles and tires.

The other day it was announced that 3,000,000 pounds of aluminum would be used in the exterior decorations of the Radio City development in midtown New York.

That meant mining and crushing of ore in Arkansas and Dutch Guiana, making of aluminum oxide in East St. Louis, reduction in Massena, N. Y.; Alcoa, Tenn.; and Badin, N. C.; and fabrication in New Kingston, Pa.; and Cleveland, Ohio. There are eight communities directly affected to say nothing of architects, draftsmen, construction workers and railroad men.

What Paul wrote to the Romans we might with all reverence say of industries, "For none of us liveth to himself."

Our New Economic Era



NATION'S BUSINESS suggested last month that after all we were perhaps living in a "new economic era," not an era in which depression could be averted and production and consumption move ever onward and upward, hand in hand, but an era in which employer and employed were getting a better understanding of each other, showing a greater willingness to share bad as well as good.

As an indication of that we might cite the recent acceptance by railroad labor of the 10 per cent cut in wages for one year. There were executives who could see no good in compromise, whose attitude was "cut first and then tell 'em." But that counsel did not prevail. The railroad heads went to great length to put

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DARLING IN NEW YORK HERALD TRIBUNE, COPYRIGHT, 1932

Redistribution of Wealth via "Government Aid"

How the Cartoonists

Four representative newspaper



GALE IN THE LOS ANGELES TIMES

Congress' Alibi

before the representatives of the workers the exact situation of the railroads. Proposals and counter-proposals were made and discussed and finally an agreement reached.

Men to whom memory or reading brings back the railroad strikes and riotings of such earlier depressions as 1877 and 1894 may well feel that this is a new and better era.

The Growing Cost Of Education



WHEN any plea is made to reduce Government spending there is always some one to rise and say of any item:

"Economy is necessary. We are all for it. But this particular item is indispensable. Cut everywhere but here."

Any one who has the daring to criticise the school bills of the cities, the states and the nation is apt to be accused of seeking to turn the world back to a Dark Age of illiteracy.

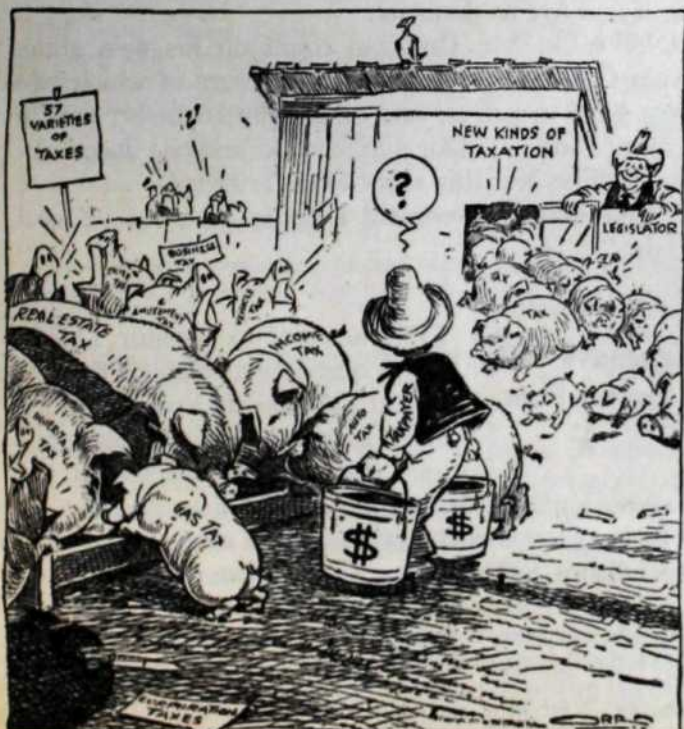
Yet the growth of education cost in this country is startling. Merwin K. Hart, President of the New York State Economic Council, gives these figures:

Between 1900 and 1926, the number of pupils enrolled in the United States increased 59 per cent; the number of teachers employed 90 per cent; salaries 700 per cent; amount spent on buildings and equipment 1050 per cent, and expenditures for other purposes 1130 per cent.

In that period the population increased by about 10½ per cent. Students have grown faster than population, the number of teachers faster than the increase of students; salaries still faster and fastest of all the cost of physical equipment.

View Government Expense

artists join the fight on bureaucracy



CARY ORR IN THE CHICAGO TRIBUNE

The Endless Task

Our states and cities have still to learn that they cannot always justify spending by the desirability of the thing to be bought; and waste in education is as evil as waste in garbage removal.

How to Cure Everything



A CORRESPONDENT proposes a puzzle department in the magazine. He thinks it would help restore the morale of business men by taking their minds off their troubles.

In two days' mail recently we found these suggestions for making the world right:

The basic cause is our error in using the dollar as a unit to measure all forms of wealth. Economists are agreed that money is a medium of exchange. They themselves use purchasing power rather than dollars to determine real wages. By using this principle, in the form of a new unit, called Unit of Wealth, we discover that, if this method were generally adopted, it would not only solve the business cycle, but many of our most perplexing economic problems as well.

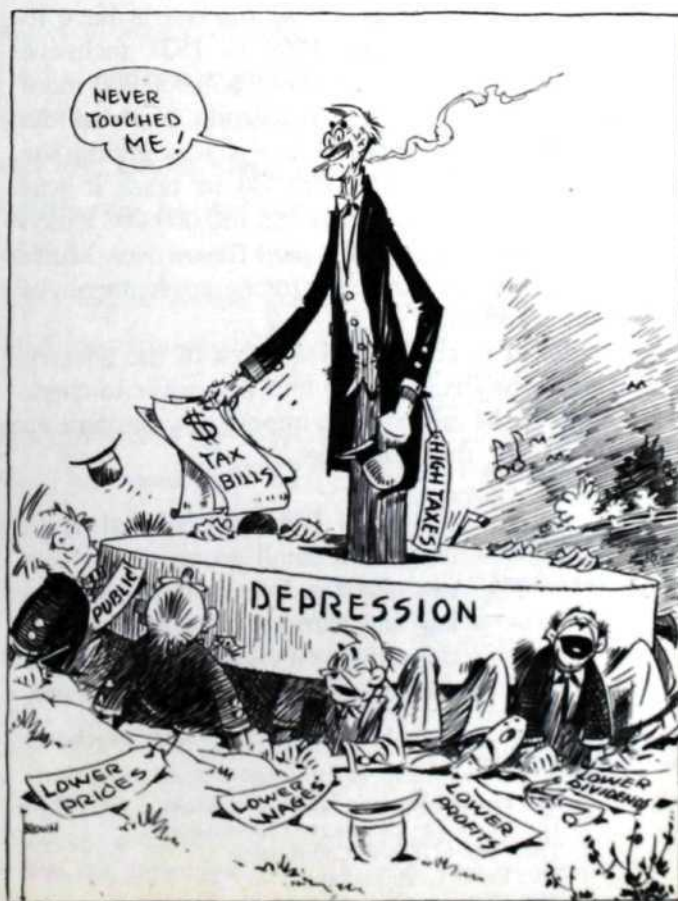
Abolish prohibition, permit the sale of beer and wine; set up a Government liquor monopoly and let Germany and England pay war debts in beer and Italy and France in wine.

Remove all taxes from real estate.

Set a minimum wage scale for adults of not less than \$5 a day. That would make everything all right in the country.

"Force" everybody to balance his budget, then there would be no depression.

Have the Government issue currency notes to be known as "labor notes" which should be "legal tender only in payment of wages to a worker who when unemployed had endorsed such note." His plan also includes an identification card for each worker, good for one year, giving him a serial number and bearing his photo and signature. The card also states his age, trade or profession, and wage rate as determined by a conference between employees and employers.



BROWN IN THE NEW YORK HERALD TRIBUNE, COPYRIGHT, 1931

The Hole in the Grindstone

A Federal commission to survey the United States, estimate the number of man hours required to provide all products and service, make a census of all employed men and women, and then estimate the number of hours that each such person should labor and make and enforce regulations that would permit no one to work more than a fixed number of hours needed.

The Government should tell every manufacturer at a given date to start up full time in full force and station a government employee at each plant to see if it did start work and to find out what financial help the manufacturer needed from Government. Thus, "every working man in the country would start to work and every working man would start to buy."

Have "some intelligent method of control to guard against promiscuous financing, with the view of protecting the investor as well as the industry."

Insurance That Doesn't Insure



TO THOSE who would plunge the Federal and the State governments into all sorts of so-called insurance projects to protect against old age, sickness, unemployment, we commend a paragraph from the budget message of Governor Roosevelt of New York. The Department of Social Welfare needed \$1,700,000 more than in the preceding year. Said the message:

This increase is due principally to meet the cost of the old age security payments. The number of annuitants is greater than was estimated and the average annuity larger than was expected.

Put the Federal Government into Social Service activities, and soon the number will be "greater than was estimated," and the payments "larger than was expected."

Public Interest In Railroads



PRESIDENT Williamson of the New York Central submits these figures in proof that his railroad was decidedly "affected with a public interest" as the courts have it. The railroad's taxes from 1909 to 1931 inclusive were \$391,000,000 which was about \$50,000,000 more than the road distributed in dividends to its stockholders in the same period. While it was giving the Government direct the \$400,000,000 in taxes it was also paying in wages and salaries \$3,150,000,000 which is more than nine times what it paid the owners. Much of that also found its way back to the governments of nation, state, and city.

Meanwhile, it might be added, most of the governments seem to be struggling to find new ways to check the activities of the railroads, to impose new burdens on them, and to cut their revenues.

On Planning By Government



JUDSON BRADLEY, writing in favor of a small group of advisers to assist the President in correlating the various regulatory functions, draws a vivid picture of what might, and for all we know does, go on in government.

In our national economy we have, among other regulatory agencies, the following:

1. The Federal Reserve Board and banks
2. The Interstate Commerce Commission
3. The Federal Trade Commission
4. The Tariff Commission
5. The Department of Commerce
6. The Department of Agriculture

All the above bodies, as well as numerous others, are trying to guide the economic life of the country, and their efforts are often contradictory and cause economic confusion.

Let us take the cement industry as a hypothetical example of how confusion may ensue from uncoordinated activities of the above agencies. The Federal Reserve Banks might lend the cement industry money to build 30 per cent more plants than are needed. This excess capacity and ensuing competition increases the cost of production so that foreign plants, better organized, are able to offer severe competition in certain seaboard ports. The cement industry tries to organize to prevent its own ruinous intercompetition. The Federal Trade Commission steps in and prevents such rationalization. Then the Interstate Commerce Commission may raise cement freight rates to the seaboard. The Tariff Commission is now called on and the customs duty on cement is increased. This causes foreign countries to impose a retaliatory tariff on our automobiles, bringing a shutdown of Detroit factories, a falling off in consumption of Michigan cream and butter and the ruin of many farmers.

Whether or not Mr. Bradley's cure is right his illustration is striking.

Answers to a Baited Question



IN presenting the case for his and Senator Costigan's bill for direct Federal aid for the unemployed, Senator LaFollette submitted some 700 answers to a questionnaire sent to mayors of cities throughout the United States.

One question read:

"Do you favor a Federal appropriation to assist the local government in meeting their emergency relief burdens, and do you feel that such an appropriation would be of aid in providing more adequate relief for the needy or in lessening the burden on local taxpayers?"

Tempting bait in aiding to bring an answer "yes."

Mr. LaFollette reported that 305 said "yes," and 215 said "no," 49 favored Federal appropriation for construction and 35 were doubtful.

But Mr. LaFollette didn't get his inspiration from his own state. There were 37 replies of which 21 may fairly be recorded as against the proposal, 11 as favoring it and five as doubtful.

Nor could Mr. Costigan count on his own state. From Colorado came only five answers of which two were flatly negative, one qualifiedly in favor, one in favor of Federal aid for public works and one uncertain. But we like best this reply from Trinidad:

"No. Favor government keeping nose out of local affairs."

Expensive Help For the Poor



THE answers to Senator LaFollette's questionnaire about the cities' attitude toward Federal aid for unemployment plus some contributory matter were inserted in the Congressional Record on the day after his speech.

In the House next day there was comment on this expenditure. Said Representative Stevenson:

If you will turn to the Record of today, beginning on page 3200 and extending through to page 3365, you will see a 165-page extension permitted by another body, by one gentleman who was speaking on behalf of the poor. It cost \$8,250 to print it; \$8,250 distributed amongst the poor on the streets of Washington would have done the country infinitely more good.

Confessions of a Capitalist

ILLUSTRATIONS BY EARLE B. WINSLOW

PART I • The Adventure Begins

I AM a business man, making and enjoying a very substantial income. I own two motor cars. I live amidst surroundings that to many people would seem luxurious. I control a fair-sized business, and, directly and indirectly, I suppose I am responsible for the activities of about 2,000 "wage slaves." I am, in fact, a capitalist, the sort of person against whom the present-day agitation, the world over, seems to be directed. When I listen to current political discussion, I find myself regarded as one of the causes of poverty, want, and distress.

I possess numbers of books telling me how beautiful the world would be if I and my class could be eradicated. The literary case against me is indeed overwhelming. Ruskin says:

... Sin sticks so fast between the joinings of the stones of buying and selling, that "to trade" in things . . . has warped itself, by the instinct of nations, into their worst word for fraud; . . . and "trader," "trading," and "traitor" are but the same word. . . .

Karl Marx sums me up like this:

The money owner strides in front as capitalist; the possessor of labor power follows as his laborer. The one with an air of importance, smirking, intent on business; the other, timid and holding back, like one who is bringing his own hide to market and has nothing to expect but—a hiding.

Sir Philip Snowden says:

The capitalistic system has waged war and sacrificed unnumbered lives for commercial gain.

Every night at a thousand meetings these arguments are reduced to terms of the vernacular. But the political agitation against my class is not to me so serious as that general attitude of mind definitely unsympathetic to commerce. Even many of those who accept the idea that buying and selling is a proper occupation are unable to believe that great wealth acquired in this way is a creditable achievement.

The public does not quite believe that the man with a big income is altogether honest. There seems, in fact, to be little



I went into the studio, but two years of pushing a pencil was enough for me

AROUSÉ by continued attacks against him and other successful men, the author sets forth here a true narrative of his business life, asking himself as he goes along wherein he is "one of the causes of poverty, want and distress," and if the world would be better off if he and his class could be eradicated.

The author is well known to most of our readers and his name will be revealed at the end of the series.

doubt that riches are made at the expense of others. Politicians, teachers, and preachers vie with one another in denouncing the existing scheme of things and urging our legislators to effect a "more equitable distribution of wealth." To me the attempt to redistribute wealth by legislation is a farce, because, although it appears on the surface to be effective, it does not in reality have any such result.

It is easy to destroy wealth by legis-

lation, and the human race is poorer, and human needs are still unsatisfied largely because of the wealth that has been eliminated in this way. But to make wealth, or to redistribute wealth, by any process but the action of the individual, is, it seems to me, ineffective and uneconomic. I know what politicians have done to British rubber, Brazilian coffee, Cuban sugar and American agriculture.

Business point of view

I INDULGE in this little outburst against the politicians in order to bring out my position as clearly as possible and to throw into relief the great difference between my point of view and that of so many of my fellow citizens.

I blame the business community for the public state of mind. Business men have clung to the old tradition that politics and business are things apart. They have allowed political forces to work in almost complete ignorance of the facts concerning the very matters with which they have been dealing. The urgent necessity for public enlightenment on business matters has led me to set down what I can remember of my business experience and thus give, if possible, some substratum of fact to help future discussion. The task is not an easy

one for many reasons.

Any exposition of sound economics labors under the disadvantage that it offers no prize to the poor no comfort to the inefficient. Sound economic literature makes, therefore, no appeal to the passions or desires of the people.

Thus it comes about that there are a hundred volumes on the theories of Socialism to every one on the theories of a sound society. It seems to me just possible that the unattractive character of

sound economic principles may find some compensating balance in the personal interest (if there is any) of such autobiographical details as I may be able to introduce.

I propose, therefore, to offer myself as a sacrifice, as it were, upon the altar of economic truth.

The folly of fighting Socialism

I AM further encouraged to embark upon this task by the folly of many of the efforts that are made to defeat Socialism. Socialism will not be killed by the exploitation of the "Red Menace," by the appeal to the selfish instincts of those who happen to possess a little more than the average of this world's goods. The discussion must be lifted above personal consideration. It does not matter to society whether I, as an individual, retain my income or not.

The only thing that matters is the well-being of the whole. The only question is whether others are damaged or benefited by my operations and the size of my emoluments.

If it can be shown that my income could be taken from me and handed over to the unemployed, and that I could still live, and that the unemployed could live better, then the great majority of wealthy men would, I am convinced, wave the Red Flag as enthusiastically as the most earnest Bolshevik.

If, on the other hand, my income is merely the index of the much bigger income enjoyed by a large number of my fellow-men who would lose such advantages as they now possess if my income were to go, then surely I have a case which must be examined, understood, and, if proved, accepted.

It would be absurd to pretend that, at 16, when I entered business, I was

conscious of the many ramifications of the problem of choosing a career.

Until then I had been receiving an education. Judged by any accepted standard of scholarship, I was a complete failure as a student and, since the position of my family made it necessary for me or my brother to devote his attention to making money, I entered my father's office—at Christmas, 1891—as office boy.

A year later I went into the studio as a learner, my father, whose fortunes were founded on his pencil, hoping that I might develop into a draughtsman and designer.

I don't think I succeeded very well, although my superiors were encouraging. My salary was \$1.20 a week, of which I saved 60 cents.

I mention this saving of half my income, because that is a fundamental part of my scheme of things. I have seldom permitted myself to spend more than half my earnings.

Working long hours

IN THOSE early days I used to think that I worked fairly hard. At all events, hours were long. My father had become a candidate for public office and I undertook the double duty of office work and assistant private secretary. Spending my days in the office, I devoted my evenings to helping my father, returning home regularly by an 11:35 p.m. train. That was the steady practice from 1892 to 1895.

Then I was allowed to go on the road selling advertising in my father's newspaper. In that capacity I worked happily for six years. As a traveller I achieved some success.

If anything could ever induce me to consent to any form of legislative regulation in commercial matters, I would decree that no one should be permitted to express an opinion upon any question affecting our industrial life until he had spent at least 12 months as a travelling man.

The commercial traveller is singularly well placed for observing both sides of a question. He knows from daily experience that there are producers and consumers. Left under no misapprehension regarding the essential nature of industry, he realizes the folly and irrelevance of most public discussions on these matters.

Many things may be learned on the road. Accessibility, consideration for others, and most important of all, the art of self-discipline. The commercial traveller is under no foreman's eye. His time is his own, and he can, if he will,



The establishment of that magazine as a business by me at the age of 24 marked the beginning of my real life's work

waste it. To keep from wasting mine I devised this scheme:

It was my custom to reckon my commission by the hour. I was working a 64 hour week. If I earned \$16 a week I would be earning, roughly, 25 cents an hour. I made it my endeavor to earn at least that amount every hour, determining to increase my hourly rate of pay as rapidly as I could. This so-much-an-hour idea became firmly fixed in my mind and did, I think, enable me to persevere through the working hours of the day.

Edited trade journal

BUT the real foundations of my position as a business man were laid in December, 1899, when my father bought a trade journal and offered me the chance of running it.

The journal in those days was published monthly, and its revenues from sales, subscriptions, and advertising totalled some \$8,000 a year, sufficient only to cover the production costs and to leave a small margin.

But the establishment of that magazine by me at the age of 24 marked the beginning of my real life's work.

The business man is born and not made, but he must find that out for himself. Business ability would seem to depend on a sense of balance. It might be described as the bookkeeping mind. The business man must be able to judge a transaction by its effect upon the ledgers. The annual balance sheet must be always in his mind; which is only another way of saying that he must recognize the essential truth that any work, to be successful, must bring satisfaction to the consumer as well as to the producer. Only thus can a true estimate of worth and experience be formed.

Second in importance as a qualification for a business man I would place the time sense. The most profitable piece of business may be turned into a loss if only sufficient time is taken in carrying it through. The money-maker must therefore be a stickler for time. Lack of appreciation of the time factor is one of the most fatal weaknesses of government in business.

Business, thoughtfully and economically conducted, carries with it a satisfaction which cannot be surpassed, so far as I am aware, in any other activity. Only those who are in it can realize its complications and its charms. For

instance, I buy a load of paper, a simple transaction in which one man undertakes to deliver to me so many tons of material, and I undertake to pay so much money. That is not business. That is the most elementary introduction to a business transaction. I have then the pleasure, the anxiety, of covering both sides of that paper with something

of his fortune to his failures. I believe that to be literally true. I learned more about the publishing business from 1897 to 1901 than I have learned since, in connection with a disastrous failure.

My father believed that the public was interested in furniture and decoration. On this theory he started a monthly journal in this field. He was 20 years



Spending my days at the office I devoted my evenings to helping my father, returning home regularly on an 11:35 train. This was steady practice for three years

which, when each sheet is transformed into a magazine, will induce my fellow-beings to buy those sheets. I must then collect that money from thousands of different sources, divide it between authors, artists, printers, engravers, and many other workers, and there should be enough left over to pay the paper maker and provide me with a living.

Must satisfy all concerned

DOING business is doing real things. Everybody must be satisfied. No one is subjected to any form of pressure or coercion.

Business, however, is not all happiness. There is certainly not so much happiness in business as when I first started. Half one's brain power is now devoted to scheming rather than to working. Energies that once were concentrated upon the comfort of the customer are now dissipated in picking one's way through the legislation, regulation, and restriction which 25 years of Socialist tendency in government have created. The business life, indeed, has perhaps more than its due proportion of disappointment and failure, but disappointment and failure are not incompatible with happiness.

A successful friend of mine told me many years ago that he attributed most

before his time. I was advertising manager and publisher. The paper ran for three or four years, lost a large sum of money, and came to an end. But the experience was invaluable for me. Through it I learned to recognize our limitations. To that lesson and the habit of saving I owe much of my business success.

I suppose it is unnecessary to argue that saving is the first essential to human life. We have only to eat all the potatoes of this year's crop to make quite sure that no potatoes will exist next year. The argument can be carried through every branch of activity.

We all depend for our continued existence upon the fact that some commodities available for consumption are saved for future use. This is the bedrock of the capitalist system. It does not matter who does the saving; the important thing is that the saving be done.

One of the many peculiarities of these peculiar days is that, as good fathers of families, we are all eager to save a little for the benefit of our children. Nevertheless the moment we meet in public assembly, we vote vigorously to pile up debt that these children must eventually pay.

(This article is the first of a series of four. The second will appear in an early issue.)

The Danger of Federal Aid

By MERLE THORPE

Editor of NATION'S BUSINESS

IT IS a commonplace that the problem of helping the unemployed and the needy defines a test of good citizenship. No one would contend that they do not constitute a first charge upon the resources of the American people. Nor is any idea advanced that the resources are inadequate. For it is not debatable that "those who have must give to those who need." The method of relief is the controversial question.

Proposals before the Congress have pivoted on recommendations for appropriations which would authorize aid to the jobless—one measure placing the allowance at \$375,000,000, and against that, a substitute bill was drafted, with a \$750,000,000 outlay in view, divided equally between loans to states and the construction of roads.

The \$375,000,000 for road construction would be available without being matched by state funds as normal federal appropriations for roads are.

The \$375,000,000 for relief would be loaned to states under the pledge of the Governors to seek legislation for its repayment.

More than half of the states are forbidden by law to borrow money and thus would require special legislation to enable them to repay funds borrowed from the Federal Government.

The effort to substitute a public works program for direct relief was denounced by Senator LaFollette, a proponent of direct assistance, as "an attempt to sidetrack the issue." When Senator Tydings suggested that "some Senators want more concrete evidence from Governors of states that they are unable to provide the funds necessary," the junior Senator from Wisconsin replied, "I am not willing to wait for that information and let the people starve to death."

Many opposed federal charity

IN support of the measure devised by himself and Senator Costigan, the Senator told his colleagues that 305 out of 520 cities polled by the Senate Committee on Manufactures favor a handout from the Federal Government.

To my mind it is more surprising that so many mayors should resist the opportunity to share in Federal charity than that a considerable receptivity to gifts should be recorded. It is quite human to take the path of least resistance, and the offer of a government gratuity always raises its supporting argument in the mind of the prospective beneficiary.

On the state of affairs within communities with regard to their need for outside relief marked differences of opinion have developed. Testimony before the House and Senate Committees concerned with the hearings on the relief measures has revealed varying degrees of local distress.

The Chamber of Commerce of the United States has been in correspondence with the commercial organizations in its membership as to the plans which were being made in their communities to provide relief needed this winter because of unemployment, and as to the adequacy of funds which could be provided through private contributions and by state, county, and municipal governments.

By December, 573 communities, planning for total expenditures of \$136,000,000, reported that they could meet their situations. These communities have a population of 51,000,000 and more. Only 23 communities, with a total population of 1,203,000, reported their requirements would probably exceed the funds they could expect, the aggregate excess being \$912,000. As these possible deficiencies became known, other agencies assisted in plans to meet them.

In a referendum which closed December 14, 1931, the Chamber's member organizations were asked whether or not there should be any federal appropriations for relief. On the ground that needed relief should be provided through private contributions and by state and local governments, 2,534 votes were cast against federal appropriations, and 197 votes in favor.

Here is a quotation from the conclusions of the Chamber's committee which had made the studies relevant to the subject matter of the referendum:

"Needed relief should be provided through private contributions and by state and local governments. There is every evidence that all requirements can in this manner be met. Any proposals for federal appropriations for such purposes should therefore be opposed."

That text amounts to a declaration that the members of the committee and the organizations in the Chamber's membership are in the position of accepting burdens and undertaking to carry them to a successful conclusion. They are not endeavoring to shift responsibility to others.

It is commonly observed that the opportunity to shirk responsibility usually stirs the inclination to avoid obligation. The very prospect of federal appropriation will, in my judgment, provide many citizens and public officials with the occasion to sidestep their own duty. Moreover, it is most unfortunate that the proposals for federal aid in local relief should be agitated at a time when the prominence of the discussion would most certainly tend to diminish the local support of measures now in effect for meeting community needs.

Politicians pamper people

WHAT we are put to by the direct aid proposals before the Congress is a departure from traditional American policy. It has been said that the only lesson we learn from history is that we learn no lesson from history. Rome did not begin by providing grain free to the inhabitants of Rome. Aspiring politicians, competing for public favor, insisted on lower and lower prices until the citizens of Rome were given grain free of charge. The contest between politicians to obtain popular favor afterwards placed pork on the free list, then wine and then circuses. We all know the result. Historians are unanimous on this point:

Character disintegrated and the proud citizens of Rome in the end lost their liberty and the Roman Empire was destroyed.

But we do not need to go so far back into history. England has built up the

(Continued on page 64)

What's Likely in Washington

Another Letter from W. M. Kiplinger

DEAR HUGH:

I SHALL NOT attempt to reply specifically to all the questions in your recent letter, but I can offer some general pointers and guidance which may serve to give you a sense of balance and perspective on all these Washington goings-on. I don't blame you for feeling a bit upset over the Washington dispatches which you read in the newspapers, but you must learn to sort in your own mind the Washington talk, to disregard some of it, and to take some of it seriously. You should not try to absorb all of the Washington news. It is too confusing. You must pick and choose.

I've told you before and I want to tell you again that nothing happens suddenly or unexpectedly here. No piece of legislation goes through Congress a-kiting, without plenty of advance notice. No executive policy is cooked up overnight and shot out upon an unsuspecting world. Everything which happens in Washington casts its shadow before it. There is a certain trend of policies and the trend almost never does a right angle or an about-face. You forgot this when you . . . (reference deleted) . . . and you lost money by figuring Washington wrong.

I believe I'll tell you what's likely to happen to some of the current issues in Washington, without taking time in all cases to tell you all the complicated reasons why I think so, and all the details. Some of the things will please you and some will not.

Government Expenses YOU doubtless understand that all this talk about balancing the budget applies to year after next, the fiscal year ending June 30, 1934. The budget was nearly one billion off balance last year. It is about two billions off this year, ending next June 30. Congress is now making appropriations for the fiscal year ending June 30, 1933, and the budget probably will be off balance by more than a billion even with higher taxes. It is 1934 to which we must look for possible balancing.

The pressure for governmental economy is growing rapidly from month to month. You asked whether it was felt here in Washington. Yes, in a way. The fiscal authorities understand it, and the leaders in Congress understand the necessities for it, but the rank and file in Congress do not realize how hard up the Government is about to become. I feel that this session of Congress will not feel the acute pinch, and that a full appreciation and execution of economies will not come for a year yet—in the Congress meeting in December, 1932.

Government wages and salaries probably will not be cut in a wholesale way this year, although there will be trimming here and there. A year from now they probably will be reduced.

There is always a lot of talk about cutting out "useless functions" of the Government. This talk sounds nice and is very popular. The trouble is that no one can agree on what functions are useless. Take, for ex-

ample, the ——— Division of the ——— Bureau, with which you do so much business. You think it is fine, but your next door office neighbor probably thinks it is silly extravagance. Most of these governmental activities are conducted for some special and particular business group which would kick an economy program into a cocked hat if its pet service work were discontinued.

I hear spokesmen for the Cause of Business tirading against government extravagance, without being specific. They seem to me to be business demagogues using the old tactics of the proletarian demagogues.

There are plenty of ways to cut government expenses. One way (my pet way) is to pay higher salaries, not lower salaries, to a few hundred of the higher officials and chief sub-executives. This would attract more vigorous men. More vigorous men would clean house in their particular spheres. I get around town and see the inside operations of scores of government offices. There are very few whose personnel could not be cut at least 20 per cent, and whose efficiency would not be increased by such action. It is inertia and red tape which causes government extravagance primarily, and this can be remedied only by better executives, which means, in the long run, higher salaries. Civil service, too, is a nuisance, but necessary. The next four years ought to be years of government reorganization. Hoover will do it if he is reelected. He intended to do more of it heretofore, but didn't get time, because the depression swamped him.

Congress was pretty well set to pare Army and Navy expenses when this Japanese war scare came along. It is now quite uncertain what the course of things will be.

Veterans' expenses will not be increased by this Congress, despite the continuing pressure for cash payment of the bonus. Veterans' expenses are already nearly a billion a year, nearly one-fourth of the total budget.

Government borrowing is going to present some big difficulties in the next couple of years, and these will be evident to Congress a year hence.

Taxes THE only thing sure is that the Government must have 800 or 900 millions more a year, and that a good part of this must come from new excise taxes. At this writing, I am inclined to expect taxes on automobiles, radios, and perhaps electric current, although all of these are being fought by the groups affected. A general sales tax is still out of the question, though sentiment for it has grown greatly in the last few months, and it is not unthinkable that it may be adopted in future years.

I do not see how the new tax bill can get through Congress before April, and it may be May, for there will be much delay and fussing in the Senate.

Tariff THE outlook is for no important changes in rates, either up or down. The proposal for higher rates on imports from countries which have gone off the gold standard has had sympathetic considera-

tion, but the chances of final adoption are slightly on the negative side.

Relief IT IS not difficult to forecast the failure of practically all the bills providing for direct government loans for unemployment relief, because they will be vetoed at the White House if they ever get through both bodies of Congress. The President is set against government loans or "doles." So are many persons who have had experience in working up and managing local relief organizations. They say doles kill local initiative. If this is true, as I have no doubt it is, then it is the one main argument against federal aid—a pragmatic argument. The objections urged by conservative business interests on the ground of rugged individualism (or something) do not sound especially good these days when the Government has had to come to the aid of so many financial institutions and other advocates of the rugged philosophy.

An important point to remember about this relief business is that it will be with us next winter, and all plans should be laid accordingly.

Reconstruction THE Reconstruction Finance Corporation has already done a good job. It saved a lot of banks from closing in late January and early February—banks which were essentially sound. It has brought a stability and confidence to financial institutions in ways which may not be mentioned specifically in the public prints.

You asked whether it was big enough and strong enough to turn the business tide. I don't know, but I think there are excellent chances of it. If it fails, it will be a failure of business itself, rather than a failure of the governmental program, because the whole Reconstruction program rests upon public confidence. Of course public confidence rests a good deal on the Reconstruction program, perhaps too much, because there is unnecessary leaning on the Government these days.

I doubt whether bank failures will be eliminated, but I think they will be cut down in the next few months. There will be no more serious failures of big institutions. There is reason for you to breathe more easily.

Commercial banks are expected to loosen up on their loans. Some of them have already done so, and this is a good sign. They must do it to an even greater extent, however, if the Reconstruction plan is to work. The government corporation will not lend directly to commercial and industrial corporations which need credit. This must come through banks with the Government standing behind the banks to encourage them into more liberal lending policies.

Foreign trade will be helped a little by the general easing of credit. But there can be no big increase in foreign trade as a result of the Reconstruction Corporation, because foreign purchasing power is too weak to be stimulated much by American credits. Most lines of sound foreign trade already have private credit.

The danger of squandering of the public credit by putting it into all sorts of bad loans is potentially great. Actually, however, the danger is being minimized by conservative administration. Some of the loans may prove uncollectible five years hence. Most of the loans will be collectible, however, and the anticipated small proportion of losses will be the price paid by the public-at-large for the bigger boon of "getting things going."

At least this is the intention, and I have little doubt that it will work out this way.

Shortly we must expect grumbling against the Reconstruction program and against its administration. Much of this will arise from belated recognition that the government corporation is not intended as a reservoir for the thawing of *all* frozen assets, nor as a cure for all of our past foolishness. Plenty of individual losses remain to be taken, and cannot be passed on to the Government.

Railroads IT IS generally believed in Washington that most railroads can squeeze through the year. There should be no important receiverships this spring. I am not sure about the situation next fall. The Interstate Commerce Commission, which must pass on all Reconstruction loans to railroads, is of a mind to be liberal, but not necessarily to save all situations. It is said that there are a few railroads whose earnings prospects the next few years do not entitle them to be "saved." They probably will be forced into the arms of stronger roads, and thus the consolidation movement will be promoted by poverty, when legislation has failed.

No one is sufficiently clear-visioned to foresee the course of railroads in the next ten years. It is noteworthy that more and more persons of conservative inclinations talk about government ownership as a practical possibility, as an expedient.

I do not look for much important legislation on railroads at this session of Congress. Truck regulation cannot get through, and there is only a small chance for bus regulation. Congress does not yet seem ready to act fundamentally on the railroad situation, although it is barely possible that there will be more rapid progress in a month or two.

Credit Policies THE whole government program is directed toward easing the credit situation. This means two things:

1. Promotion of the circulation of credit, and
2. Gradual and conservative expansion of the volume of credit, without resorting to a positive "inflation."

The main function of the Reconstruction Corporation is to promote circulation or use of credit, not to expand the volume. There is already plenty of credit and capital, but the trouble is that it is scared, hiding, congested, frozen. Its owners will trust it to the Government, and the Government will trust it to private borrowers, who eventually will pay it back to the Government, which will pay it back to the taxpayers and bondholders.

Expansion of credit can be promoted in a variety of ways, as you know. One way is to open the Federal Reserve System to rediscounts which are not now eligible. The administration wants to do this, and Senator Glass, the key man in Congress on Federal Reserve matters,* is strongly opposed. On the whole, congressional sentiment is favorable to some extension of the eligibility rules, and it is logical to expect action along this line, although it will be conservative, and it may be delayed a month or two yet.

There will be no "inflation" of currency through the issuance of a large block of government bonds which can be used as the basis for national bank notes. There will be no drastic "inflation" of credit, such as is advocated by numerous financial economists.

The gold standard will be maintained by the United States. At least there is nothing now on the economic horizon to suggest that it need be abandoned. I mention it because there are vague whisperings about it by those who have European connections and those who enjoy alarming speculations.

Banking SENATOR GLASS' banking reform bill was introduced about a month ago, and since then has been worked over in committee in an effort to tone it down into some form which would be acceptable as a this-year compromise on which all groups may agree. Enactment of some portions of it may be expected, but the major part of the banking reform program probably will hang over until next year or the year after. One of the bitterest and nastiest fights of the entire session must be expected on the Glass program. The bankers are saying that the bill is disruptive of orderly banking. Proponents of the bill say that the reason for the measure is the lack of responsible banking in the past.

Major purposes of the Glass bill are to put banks under stricter regulation, and to guard against use of Federal Reserve credit in speculation. There is substantial support for the stricter regulation, but as yet there is no crystallization of congressional opinion as to how it should be done. On the question of the use of Federal Reserve credit, there is fundamental difference of opinion. At present, the swing of sentiment seems to be toward opening the doors of the Reserve System, rather than closing them a bit, as the Glass bill provides. Probably a couple more years will be required for the ripening of public opinion on major reformation of the banking system.

This is another of those cases of considering fire hazards after the fire.

The Federal Home Loan Bank bill will have hard sledding. It is supported by real estate, construction, and building and loan interests, and in a half-hearted way by the administration. It is opposed by a number of banking interests and the insurance companies. There could be great public interest in the bill from the millions of home owners who grumble about what their mortgage money costs them, but public interest has not actually been awakened to any great extent. It is not a "popular" measure. Late in the session some sort of modified measure may get through. Meanwhile exaggerated claims are being made for the bill—all about how it will stimulate the building of 3,000,000 new homes. This is ballyhoo.

On all banking legislation, the House will be more con-

servative than the Senate. It seems almost unnecessary to remark that we are going in for financial socialism in a rather large way. This trend of public policy is dictated largely by conservatives who oppose state socialism in principle, but who embrace it for particular purposes. The following classes are in position to get banking accommodations from government institutions—farmers on mortgages; farmers on intermediate credits for production; farmer co-ops on marketing; banks, savings banks, trust companies and many other financial institutions; insurance companies; railroads; exporters; cities, through banks to Reconstruction Corporation; postal savings depositors. Also home mortgage lenders, if the bill passes. I am neither attacking nor defending this tendency; I am merely pointing it out.

WE ASKED Mr. Kiplinger to write a letter to an old friend of his, a business man in a middle western city, discussing the Washington situation as it affects business policies, and to give a copy to NATION'S BUSINESS. He did it. We publish it without deletions, except for the name of the old friend, and a few personal references.

The letter is interesting because it is realistic. Perhaps this is due to the fact that Mr. Kiplinger, though living and working in Washington, keeps his mind out in the grass roots where he grew up, and looks upon Washington objectively as an economic reporter of political affairs. Some of his analyses do not run parallel with the Editor's but they are worth reporting.

Anti-Trust SCORES of bills are pending to do two main things—1. to legalize the trade practice conference procedure, and to specify various kinds of legal agreements, such as not to sell below cost; 2. to give certain exemptions to the natural resource industries.

Not a great deal of progress is being made. One trouble is that the trade associations are all confused as to what they want, and do not get together on a program. Another trouble is that there are so many lawyer racketeers, each of whom has a pet scheme and a pet bill.

There appears to be a genuine need for regulating competition, for protecting the seller

against the buyer under certain circumstances. The seller in the past has often been hoggish, and may be again in the future when times are better. How to curb the self-interest of the seller and also the self-interest of the buyer is not simple.

Miscellaneous Issues I'LL TRY to indicate briefly the prospects for a number of matters in which you are interested, or which are of importance to some of your friends.

3-CENT POSTAGE: Probably can't pass; too much opposition to it.

HIGHWAYS: Present rate of \$125,000,000 Federal aid a year will be continued, but actual expenditures will be reduced because of slowing up by states.

PUBLIC WORKS: Program will be conservative, nothing like 5 billions.

ECONOMIC PLANNING: Not ready to do much about it for couple years yet.

PHILIPPINE INDEPENDENCE: Can't get it through this session; might have done so if it weren't for Japan.

POSTAL SAVINGS: Rather expect deposit limit to be

raised, although savings banks are hot against it. **FREE WHEAT FOR UNEMPLOYED:** It is sleeping in House, and probably will stay asleep. (Recently I misjudged the prospects, thinking the bill would pass.)

COMMODITY EXCHANGES: Rather think there will be some further regulation, power given to Secretary of Agriculture; will not be drastic. Traders and exchanges have been stiff-necked in opposition, and have created the impression among some open-minded members of Congress that there must be something wrong which needs regulating.

SECURITY SHORT SELLING: Don't think anything will be done; too complicated to figure out for legislative remedy. (Too bad both commodity and security exchanges don't move faster in cleaning up their abuses, so as to make legislation unnecessary.)

SILVER: It is still largely a matter of academic interest, though moving slowly out of it.

ANTI-INJUNCTION: Can't get through.

MUSCLE SHOALS: Government operationists and private operationists have each other blocked; expect no settlement this session.

IRRIGATION BONDS: Expect failure of legislative proposals for Federal Government loans to make the bonds good; Reconstruction Corporation may be able to help some way.

FOREIGN DEBTS: Cancellation, revision or further extension of debt holiday is out of the question for this session of Congress.

PROHIBITION: Expect nothing from this Congress. Expect both parties to declare for some form of re-submission or referendum in their platforms; dry Democrats and dry Republicans are swinging around to this. I am inclined to think it will take six to ten years to work out any real change in status of prohibition. The hurdles involved in constitutional procedure are greater than are usually realized. (I'm talking on *prospects*, not on *merits*.)

RESALE PRICE MAINTENANCE: No chance.

COAL INDUSTRY: Don't think regulation will get through.

UTILITIES: Nothing acute on the immediate horizon except proposal for tax on current. A thorough-going study of holding companies is under way by W. M. W. Splawn, who did a good job on railroad holding companies. In a few more years there will be federal-and-state regulation of utility holding companies.

UNEMPLOYMENT INSURANCE: Expect nothing from this session. Same with old-age pensions. Time isn't ripe for most social legislation; people haven't thought it out but will in next four years.

Japan THE surprising thing about Washington sentiment is that there is a considerable body of pro-Japanese sympathy. At least this was noticeable on the Manchurian phase, but it diminished after Shanghai, and the trend is now toward fear that Japan will go too far. All the private talk is that there is little danger of the United States going to war with Japan, or of resorting to economic boycott. But these wars always come suddenly, and the situation is not comfortable.

Mellon HIS shift to London is an excellent thing. He can strengthen British-American relations, which inevitably must be strengthened. Furthermore, Mills will make a good Secretary of the Treasury. He has been Secretary of the Treasury in fact for several years.

Business PERHAPS the prevailing opinion in Washington is that business will pick up a little, but not much, during the next five or six months, and that the beginnings of the real revival should not be expected before fall. Meanwhile there will be plenty of difficulties, but the cleaning out of dead wood is constructive. The administration intends to adopt a series of measures to bolster the situation, without definitely steaming it up, without intending to promote any strong early upward movement.

Congressional Personalities CONGRESSIONAL names in the news aren't necessarily names of the most influential members. Here's a little line-up of the truly influential:

Speaker Garner is the most influential single man in Congress. *McNary* is the most skillful Senator on a job of "wangling a bill through." *Jones* of Washington has a remarkable record of getting his bills adopted; patient but persistent. *Robinson*, Democratic leader, can veto whenever he likes. *Snell* in House has the same veto power. *LaFollette* is now the most influential Progressive, for *Norris* is tired. *Couzens* can upset any apple cart and acts like an iconoclast, but at heart is fairly conservative. *Watson* is a great pacifier, adjuster, smoother. *Borah* is more influential out around the country than here in Washington. *Vandenberg* is a new-school Senator, coming to the fore. *Glass* has strong influence in all matters, and is thoroughly honest. *Walcott* has been a ramrod for Hoover emergency things, is a comer. *Byrns* in House is the most influential single man on government appropriations. *Blanton* in House and *King* in Senate save the Government money by their frequent objections. *Pat Harrison* is No. 2 Democrat in Senate, next to *Robinson*. *Smoot* has his fingers in everything, knows everything about everything. *Reed* of Pennsylvania is a powerful conservative, and sometimes is not so conservative. *Tydings* is the best "wet." *Sheppard* is the best "dry;" even the "wets" respect him. *Pou* deals out special rules in the House and can keep many bills from coming to a vote.

Elections REPUBLICANS will surely nominate *Hoover*, who, by the way, has made fewer mistakes recently. Democrats will nominate *I know not whom*. *Roosevelt* still leads but is weakening under attacks from all sides. *Smith* is coming up, though I don't think he will be nominated. *Baker* ebbs and flows. *Garner* is being groomed, and could be made very strong. *Ritchie* is holding his lines, which are narrow. *Traylor* is mentioned now and then. The Democrats could use a first-class demagog just now, but they haven't got one except *Murray* of Oklahoma, and he is a bit too much of the real thing to suit.

Cold facts at present suggest that the Democrats have the better chance of winning the Presidency. Against this must be balanced the fact that the Democrats are fussing a lot on candidates and prohibition, and also the fact that *Hoover's* stock probably will come up from now on. The election isn't going to be a walk-away for either party.

Sincerely yours,

Wm. F. Springer

Sanities of 1932

Flashes of common sense
from governmental and business leaders

★ Bernard Baruch

THE sound, effective and quick way to balance Government budgets is to stop spending. . . . We need no economist to tell us that reduced expenditure is something more than a desideratum, that it is the only road to balanced budgets and that an ax rather than a pruning fork is the necessary implement.

★ David A. Reed

Senator from Pennsylvania

AMERICA is sound. Its population is healthy, industrious, sane. We are not troubled with pestilence. Our people are educated, industrious, willing to work. The physical condition of American properties was never so high. Our highways and our railways physically are in superb shape. Our factories were never so efficient. America never was so sound but it functions badly because of fear. If we go to work diligently to do something to make these home mortgage loans available for borrowing, as is proposed in the home loan bank bill; if we do something to bring emergency aid to the railroads between now and April 1, when the Interstate Commerce decision begins to take effect, we will have done something of real value for all the people of America.

★ Silas Strawn

President, Chamber of Commerce of the United States

PERHAPS we are all subject to the criticism of having been foolish in the past. Therefore, I submit, that, instead of holding post mortems on subjects with which we are already too familiar, we should devote our attention to the present and the future.

★ President Herbert Hoover

WE CANNOT squander ourselves into prosperity. The people will, of course, provide against distress, but the purpose of the nation must be to restore employment by economic recovery.

The reduction in governmental expenditures and the stability of government finance is the most fundamental step toward this end. It can contribute greatly to employment and the recovery of prosperity in agriculture. That must be our concentrated purpose.

★ Alfred P. Sloan, Jr.

General Motors

AS THE situation stands today, it is practically impossible to lay down a comprehensive plan of handling overseas business in a safe and constructive manner. It seems to me, however, that this point is more an academic one than a practical one because the United States served notice on the world through the adoption of the Hawley-Smoot tariff that it proposed to buy as little as possible, that it proposed to reserve the home markets for domestic production; therefore, it did not expect to sell abroad for we certainly understand that it is impossible for us to sell unless we buy—the world cannot continue to pay in gold.

★ Robert Luce

Representative from Massachusetts

THE less that is lent if the pending bill (the Reconstruction Corporation measure) becomes law the more successful it will be, because the primary purpose of this bill is to renew confidence. At the very moment banks in my own locality are in great anxiety because of the lack of confidence, and an advance made within a few days by this national credit corporation has done wonders to save the day. If we let the people know that the resources of the Government are at their command in case of need, then we hope to have precisely the same thing that happens in the course of runs on banks, when depositors will stand in line for hours, and on finally reaching the teller's window and learning that they can get their money, throw overboard any wish to get the money and ask to leave it in the bank. The thing we are doing now is to tell the people

of the United States that its Government is going to save them. Therefore, the value of our legislation is in proportion to the extent to which it will allay fear.

★ Carroll L. Beedy

Representative from Maine

I HAVE never heard it intimated that any life insurance company in this country was anywhere near insolvent because of its holdings of railroad securities. Here, again, is an illustration of the care we should exercise in our discussion of these questions. The all-too-frequently loose thought which emanates from this body has such far-reaching consequences that I fear there is gradually crystallizing a sentiment that something is wrong with Congress. I may say that if such fear is present in the minds of our people, I assuredly believe it is without foundation.

★ Sir William H. Beveridge

London School of Finance

THE main trouble about reparations and war debts is that they take up the time of all governments in sensing injustices and heckling nationally instead of thinking internationally about the common problems of humanity. Being the continuation of war, they are like poison left in the system after an operation and should be cut out of the system once and for all and altogether.

★ Question by Harold Knutson

Representative from Minnesota

I THINK the gentleman will agree it is imperative that we save agriculture, because, after all, that is basic, and all other enterprises must primarily rest upon agriculture.

★ Answer by Mr. Luce

IT SEEMS to me unnecessary at this moment to renew the age-old discussion of whether the heart or the lungs or the stomach is the most important part of the human body.

★ **Ogden L. Mills**

Secretary of the Treasury

IN THE United States commodity prices, wholesale and retail; security values, wages, corporate and other business budgets, have been and are being subjected to drastic readjustments. So that today credit expansion must be looked upon as constructive and desirable rather than inflationary and dangerous. Furthermore, leaving aside the fact that the public temper was never more discriminating and conservative, history shows that a dangerous inflation does not follow upon the heels of a drastic deflation.

★ **David Hogg**

Representative from Indiana

THE farmers in my district are losing their farms because they cannot pay the interest on mortgages and their taxes. This Congress, in forcing unsolicited material on them through the Department of Agriculture, is not bettering their condition. They do not want to be tormented with such an abundance of unsolicited advice. They want less taxes.

★ **Calvin Coolidge**

WE have found out that we were not so big as we thought we were. We were riding too high. We shall have to keep nearer the ground. We may not feel so elated but we shall be much safer.

★ **James G. Strong**

Representative from Kansas

WE HAD the guaranty of bank deposits in Kansas. That State guaranteed deposits of all the State banks, strong and weak. What happened? So many banks failed that we found ourselves shouldering a deficit. You cannot guarantee deposits of every bank in the United States. You must have some safeguard, some protection against the weak banks that cause the losses being guaranteed, and I appeal to the members of this House not to be carried away with an amendment guaranteeing the deposits of all banks regardless of their condition or management.

★ **William F. Stevenson**

Representative from South Carolina

THE present measure (The Reconstruction Finance Bill) is one of remarkable powers and remarkable breadth. It is one inspired by a desperate business condition. So far as I am concerned I desire at the outset to disclaim any

expectation that it will immediately restore prosperity. The United States is in what you might term a case of typhoid fever. We are putting an ice pack to the back of its neck to attempt to reduce the temperature, and that is about all we can do. The disease has to run its course. We cannot cure it by any one bill or any one appropriation, but in so far as it is possible we have endeavored to frame a bill which will make at least a step in the direction of the restoration of normal business conditions.

★ **William H. King**

Senator from Utah

WHEN my friend from Washington says we must wait for normal times before we may cut I say to him that he knows that cannot be done. In normal times we will not do it, because the Treasury then will be substantially full and we will be getting large revenue from taxes. The time to cut in business is when one's business is falling or when his expenses are greater than his income; and the Federal Government must now cut expenses.

★ **Samuel S. Arentz**

Representative from Nevada

THE gentleman has touched on the rule by regulation rather than by statute. I hope the gentleman will go into that some time and tell the House and the people how they are harassed by regulations in more cases than by statute. Every bureau we have takes upon itself the right to make regulations, and they go into every nook and cranny in the United States.

★ **Lew Hahn**

Hahn Department Stores, Inc.

IT SEEMS to me that 1932 should see all business operating as though the present conditions were to be permanent. In 1931 all business made brave efforts at readjustment, but I think we were still impressed with the thought that the conditions to which we sought to adjust ourselves were only temporary.

★ **Frederick E. Murphy**

Publisher, Minneapolis Tribune

OUR barnyard flappers alone give us a crop of eggs and poultry worth \$80,000,000—four times our wheat crop. Our barnyard biddies make wheat look like chicken feed. They don't ask for any farm relief, either—they go out in the

nest and lay their own relief. As soon as they manufacture their merchandise they rise right up and advertise it.

★ **Francis H. Sisson**

Vice President, Guaranty Trust Co.

THE extent to which governments have gone in expense has become almost intolerable. From one-fifth to one-sixth of the country's income goes for the maintenance of government. A great many of these expenses are uneconomical, unwarranted, and wasteful when not dishonest, although the latter is probably a minor factor. This is one of the greatest burdens on business and perhaps the crux of the situation.

★ **Albert H. Wiggin**

Chase National Bank

IN A short period more than \$700,000,000 in gold was drawn from the United States for foreign account.

The steadiness with which the Federal Reserve banks and the American banking community met this run, giving a demonstration of the soundness of our gold standard and of our ability to liquidate whatever credits it was necessary to liquidate in maintaining the gold standard, represents a great achievement. The American dollar is a gold dollar and the world knows this now and believes it. Gold has returned in substantial volume since the end of this run, and an important step has been taken in restoring international confidence.

★ **Vice President Curtis**

THERE is the greatest need for economy in government expenditures. Since I have been in Congress I have advocated the cutting out of duplications in departments and the printing of useless and extravagant government publications, thousands of which are issued every year, and get no further than the document rooms of Congress.

★ **William R. Wood**

Representative from Indiana

THERE was an old business man in my town who told me a few years ago that it used to be a pleasure for him to go to the post office and get his mail, but he says that now it is a great displeasure because hardly a day passes but what he receives something from some Government Department asking him to fill out a questionnaire as to his business and his neighbor's business. That has gotten to be a common nuisance, and it ought to be abolished.

A Clinic on the Postal Deficit



AMONG the many all-time, left-side-of-the-ledger records established in the unlamented year, 1931, that set by the United States Post Office Department held no inconsiderable place. Not that Post Office Department deficits have been unknown in the past—indeed, an annual deficit is the expected and usual event with this Department—but the \$146,066,189 by which 1931 postal expenditures exceeded postal receipts bulked so large in comparison with the 1930 gross deficit of \$98,215,987 and the still smaller deficits in earlier years that it has drawn wide attention both in business and legislative circles.

Postmaster General Brown stated the situation in his annual report, released December 8:

The postal receipts for the year were \$654,463,383.29; the audited expenditures were \$802,529,572.95, the gross deficiency of revenues amounting to \$146,066,189.66. . . . The gross deficiency . . . is subject to adjustment, as authorized by the Act approved June 9, 1930, on account of expenditures for nonpostal objects, chiefly the air and ocean mail subventions and the free mail service provided for Congress and the executive departments. During the year these and other recognized nonpostal expenditures aggregated \$48,047,308.28, so that the net or actual postal deficit amounted to \$98,018,881.38. This is \$39,472,612.34 more than the net deficit of \$58,546,269.04 for the fiscal year 1930.

The gross deficiency of \$146,066,189.66 represents an increase of \$47,850,202.23 over the gross deficiency for 1930. The increase is entirely attributable to a shrinkage in the volume of the mails. Expenditures for 1931 remained at practically the 1930 level, but receipts fell off more than \$49,000,000.

This is the sharpest decline which has ever occurred in the postal revenues. Nominal decreases have occurred before, but the fiscal year 1931 furnishes the first instance of a violent reversal in the trend of the postal business. . . . For the country as a whole the decrease was about seven per cent.

The situation is the more serious because the Department's gross deficit accounted for nearly one-sixth of the gross

NEARLY one-sixth of the Government's deficit last year was incurred by the Post Office Department—a fact which has focussed attention upon the necessity for reducing postal losses. But, while the need is clear, the plans advanced are widely different

government deficit of \$903,000,000 during the fiscal year. For the current year, the Post Office Department estimates its net deficit will be \$150,000,000.

That some action is imperative to relieve the Department's acute financial condition is generally agreed, but there agreement ends. Plans for increasing postal revenues are sharply different.

Two schools of thought rule in the matter. One school—and its opinion has prevailed legislatively for some 80 years—views the Post Office as a social welfare force which should extend its ministrations to the people in every reasonable way whether or not the services earn their way. The other school holds that the Department should be conducted strictly as a business enterprise, that it should be placed on a self-supporting basis so far as its purely postal operations are concerned.

Adherents of the first school, of course, view the present deficit with less concern than do those of the latter.

"We should realize that the postal deficits for the past two years are due to abnormal business conditions and should refuse to make radical changes in rates under such conditions," points out Representative Clyde Kelly of Pennsylvania, a Republican member of

the House Post Office and Post Roads Committee, whose views fairly typify those of the first school. "The normal increase in revenues will alone eliminate the present deficit in five years. There is no reason to believe that the peak of the people's use of the postal service has been reached. The wise course is to deal with postage rates on a permanent stabilized basis, rather than through makeshift attempts to meet unusual conditions."

Some adjustments are needed to equalize postage rates and charges for special services, Representative Kelly admits, but he holds that the guiding principle in every change should be, "Will such change mean better service to a greater number of citizens?"

Adjustments which will produce greater revenues through increased volume of mail are the ones which are needed, but these are matters of detail and not of policy, he declares.

The Democratic chairman of this House Committee, Representative James M. Mead, of New York, has expressed a similar view.

"The one way to overcome the deficit," he says, "is to lower postage rates where they are now too high. Some increases for special services may be considered but no general rate revision should be considered. The increased volume will bring greater revenues."

Postmaster General Brown, most prominent official proponent of the opposite school of thought, favors a revision of postal rates which will make the Post Office self-sustaining so far as its strictly postal operations go.

It is impracticable to achieve this end by either a horizontal increase of rates and fees or by a general revision of rates on second, third or fourth-class matter, he believes. The only practical course, in his view, is to increase the rate on first-class, or sealed-letter, mail. This course he recommended in 1930, urging a two and one-half cent rate on all sealed-letter mail, save that for local

(Continued on page 78)

Will Pensions Work

By Ingalls Kimball

Director of Group Annuities, Metropolitan Life Insurance Company



James P. Fowler
who was interested
in pensions

JAMES P. FOWLER, president of the Fowler Manufacturing Company, swung around in his chair and pressed a button on his desk.

There was an atmosphere of quiet success about the man and his office. A substantial citizen, a director of the First National Bank, a trustee of the Library, president of the Chamber of Commerce and of the Country Club, he was a worthy successor of Fowler, Sr., who had founded the business before James was born.

On this particular Tuesday he had stayed at the Club after lunch rather longer than usual. One of his fellow-directors of the bank—also a manufacturer—had started a discussion of employee relationships which had been interesting and at times hot.

For more than an hour before he laid a finger on that push button he had sat quietly, sometimes staring at the portrait of Fowler, Sr., sometimes making idle diagrams on a scratch pad.

The door opened.

"Can you spare ten minutes, George?" asked the president of a tall, grayhaired man who came in. "If you can, I want a little help. If you can't, it can wait."

George Fairbanks had been a clerk in the office in the days when James Fowler used to come with his nurse to ride home with his father. For many years now he had been vice president and treasurer of the company. He knew all there was to know about every part of the business which could be represented in figures. Fowler, Sr., used to say that Fairbanks thought wholly in Arabic. He sat down opposite his chief and waited.

"George," the president said, "we were having a discussion at the Club today and there are two or three questions I can't answer which maybe you can. First, what about unemployment insurance?"

"It isn't," said George.

"Isn't what?"

"Insurance," said George.

"Perhaps you're right," said Mr. Fowler. "What do you know about pensions?"

"They're not, either," said the treasurer. "I mean pensions are really annuities."

"Maybe so," said his chief, "but what are we going to do about them? What do they cost? What are they worth? From what Frank Hildreth said it seems that

most of the industries in the country are headed for the rocks—some because they have pension plans and others because they haven't.

"Since I came in I've been thinking about some of our men. At least a dozen of them were here before I was born. As producers they're probably not worth a third of what we pay them. Well, that isn't serious. Say we are wasting some money on them every year. We can afford it, but the point brought up today is that it is not these particular men who constitute the problem. There are a lot of others a little lower down the scale who are worth all they are getting today but who, five years from now, can't expect to keep the pace.

"I hadn't realized how these things grow. They tell me that in an industry like ours this unproductive load will increase out of all proportion to the pay roll. Why, one of the men at lunch told about a case in which actual pensions being paid to retired employees ran to more than the active pay roll.

Costly men to keep at work

"NOW, you know that I wouldn't drop those old boys without seeing that they were provided for even if it had to come out of my own pocket. But I'm beginning to realize that they're not only costing us money on their own account but they're holding back the work in their departments, and holding down men who ought to be promoted.

"Half an hour ago I called in McGinnis"—McGinnis was the factory superintendent—"and he told me case after case. Sometimes irregular attendance keeps a machine idle for a day or two; work piles up on one side of it and none comes out on the other side for the next machine. He told me he

had lost two or three of his best young men a couple of years ago because they decided they could never get ahead. He says that, in many cases, the old men are popular and that those working near them slow up so that the old men won't get too far behind.

"While we're on the subject I don't think I told you about the scene I had with old George Rantoul's stepdaughter last week. George is pretty well fixed and when father let him out he said he would look upon it as a privilege to send him \$25 a month as long as he lived just as a remembrance. Well, some way this active young woman discovered that we are giving Frank Smith \$100 a



"Old George Rantoul's stepdaughter found out we are giving Frank Smith \$100 a month"

In Our Case?



ILLUSTRATIONS BY CHARLES DUNN

IF YOU have been asking that question, as many business men are, you may find an answer here. At least you will find an understandable explanation of annuities as applied to a business organization—in this case a manufacturing plant—some figures on costs and some information on possible advantages. Names used here are fictitious but the facts are accurate

month, although he had not been nearly so important as Rantoul, had not been with us so long, and was more or less good for nothing the last few years he worked here. Father did that. He gave Frank \$100 a month because he was taking care of an invalid wife and a half-witted son, and didn't have a nickel.

"Of course I said there was no legal obligation one way or the other, and I didn't propose to do anything about it. Moreover, that I felt sure that George would resent any discussion of the subject. Just the same I ran into George in the street a couple of days ago, and he almost refused to recognize me.

"And there you have it.

"How can we work out a scheme that would take care of this situation, that would keep our people from worrying while they are with us and take care of them when they're no longer useful without stirring up hard feeling or bankrupting the business?"

"If you will permit me," said the treasurer with dignity, "I will bring my file on the subject."

Fowler, Jr., smiled as he leaned back in his chair.

"George would have a file," he murmured.

The treasurer arranged his papers in neat piles on the desk selecting here and there a sheet which he put conveniently at hand, cleared his throat, hitched forward in his chair, and began:

"Your picture of the situation, while perhaps slightly confused, is, in the main, correct. Industry, being operated by human beings, must consider human qualities. Even if he were instructed to drop all inefficient old employees, the foreman simply could not maintain his position with his men if he were to let them go without provision when they couldn't come up to full production. This being so, the foreman keeps the old man on or finds some other job for him; and in a great many cases the firm is paying in wages or salaries a good deal more than it is realizing in product.

"For some years I have kept a little memorandum of where we stand on that score." He selected a paper.

"On that account we are paying out about \$18,000 a year now, and this amount is slowly increasing as new names are added to the list and those already on it grow more inefficient. We ought to drop most of those men—\$12,000 or \$15,000 a year would give each of them a reasonable pension. We should actually be saving money."

The treasurer stopped.

"Then why," asked Fowler, Jr., "haven't you suggested pensioning them?"



George Fairbanks was said to think only in Arabic

"Because pensioning those men would, I thought, establish a precedent. It might even constitute a liability.

"Pension costs have a way of increasing. We might get ourselves into difficulties if we undertook a plan on the basis of present pension costs and were not prepared for the large increases which invariably occur.

"Here are some cases in point."

The treasurer handed over one of his sheets of paper on which were the following figures:

<i>A Large Railroad</i>	<i>Pension Payment</i>
1900	\$ 235,174.02
1910	867,893.88
1920	2,448,685.08
1930	7,282,786.26
<i>A Large Manufacturer</i>	
1911	281,457.37
1920	779,766.60
1930	4,359,445.90

"I have taken those big ones," he said, "because in the small concerns there are all sorts of variations. One man who was getting a large pension dies and the payments drop off. By and large these figures give you a fair picture. Until a few weeks ago I was rather afraid of pensions."

"What made you change your views?"

"I am ashamed to admit it," said the treasurer, "I got at it more or less from the back side forward. This little memorandum of mine as to excess payments on non-productive people was beginning to run to important figures. We have an \$18,000 leak in the pay roll which ought to be accounted for. I don't like leaks. I was trying to think what could we charge that \$18,000 to? Certainly it isn't production, and if we ever retire these men its place will be even more indeterminate.

Old employees have saved firm money

"I ASKED myself, 'Why should we pay this money?', and the answer was almost automatic. We're not paying it for something these men are doing now, but for something they have been doing for us for all these years. Mainly they have been staying with us. As nearly as I can figure it, the hiring and training of a new man costs this company between \$100 and \$200, depending on his job. These men have all been with us about 35 years. Each of them, by his steadiness has saved us, roughly, \$7,500—the cost of training a new man a year, with interest—over 35 years.

"As a matter of fact, the cost of hiring a new man goes into

our production figures, and when we do not have to hire a new man we ought to put the same amount into the production figures and set it up in reserve. If we had done that for every man who stayed with us, we would not have any pension problem.

"Just to see how the thing would work out I got the pension plans of half a dozen big industrial corporations. I have them here if you want to see them. In most cases these schemes work out to give an employee a pension based on his salary for his final five or ten years of

service and on the number of years he has been in the concern.

"One per cent of final ten years' average salary multiplied by years of service is not unusual. That, you see, would give a man who has been with a concern for 35 years 35 per cent. Take one of our foremen, for instance, who is getting \$300 a month. He would retire on a pension of 35 per cent of this or \$105 a month."

"We ought to do better than that," said Fowler, Jr. "What does it cost?"

"Not very much at first but the costs have a way of going up. All of the people I wrote to gave me their figures; all of them made comparisons with current pay roll, but these were no guide at all because, for what appeared to be the same sort of plan, they ran all the way from a small fraction of one per cent to three per cent.

"Then I got hold of a bank and began to see light.

Pension based on average pay

"IT SEEMS that, in the past few years, this bank, which had its own pension fund, began to worry about how it was coming out. So it consulted some of the insurance people in New York. The insurance man reduced the whole situation to simple terms.

"As I get the story, it is like this. Suppose we want to pay a pension of say two per cent of an employee's average pay."

"You mean his final pay, don't you, George?"

"No, I mean his average pay from the time the scheme begins. You see nobody knows what his final pay is going to be and you can't put figures into an account book on the strength of a guess. The idea is that, if you base the pension on his pay for the whole period, you can start setting up reserves from the beginning and know exactly where you stand every year."

"I see," said the president.

"Well," George continued, "say the employee is getting \$100 a month, and say you are going to pay him a pension of two per cent. That would be \$2.00 a month beginning at age 65."

"Hold on, George," Fowler, Jr., interrupted again. "You can't mean \$2.00 a month. That doesn't amount to anything."

"Wait a minute," George went on placidly, "if you provide a pension of \$2.00 a month every year, and



"The foreman keeps the old man on or finds a new job for him"

the man works 35 years, at the end of the period you will have provided 35 times \$2.00 a month or \$70 a month. Seventy dollars a month is a pretty good pension for a man who has been getting \$100 a month. Of course, if his pay is increased in the meantime the pension will have increased with it."

Buying annuities for employees

"WHAT you mean," said the president, "is that, if we are paying a man \$100 a month, we put \$2.00 a month in a fund and when he has been with us 35 years we can pay him \$70 a month as long as he lives. Is that right?"

"No," said George. "Not quite. What I mean is that every year from the time a man starts we go to an insurance company and buy an annuity for that man that will pay him \$2.00 a month for life beginning on his sixty-fifth birthday."

Here George produced a rate table.

"Let's see," he said. "Say a man starts in at 30. This table says that, if we deposited \$42.90 with an insurance company today, the insurance company will pay that man \$24 a year for life beginning on his sixty-fifth birthday. The next year we buy another annuity of the same amount, but it costs a little more because the man is a little older and there is one year less for the money to draw interest. So when he is 31 we should pay \$44.72."

"Hold on a minute, George. If you are going to start buying these things for everybody you have got to take in some people who are a good deal older than 30. What do you pay when friend workman is 50?"

George referred again to the little paper.

"There," he said, "it begins to run into money, \$103.88, to be exact."

The president whistled.

"It isn't as bad as that," said the treasurer. "Of course, in every concern men are always getting older, but also we are taking in young ones. So for a group of employees what really counts is the average age and not the age of any one man. Now the average age of our people"—George fished another paper out of his pile—"is between 35 and 36."

"That means," said the president, "that, if we were working this scheme of yours, we would be paying about \$50 a year per man for these annuities."

"Worse than that," said George. "That's about what it would be if all our people were getting \$100 a month, but our people average nearer \$1,600 than \$1,200. So the price would run up to maybe \$60 a year per man."

"Times 600," said the president, "is \$36,000."

"Just about," said George. "That's a little more than 3.5 per cent of our pay roll, and if that were all there were to it I think we could stand it."

"There's more than that on both sides of the picture. To look at the most unfavorable aspect first—if we had been doing this sort of thing from the beginning, we should already have annuities covering the years that our present force has been working for us. That would represent a pretty big investment—not a great
(Continued on page 94)



The factory superintendent said that good men quit because they couldn't get ahead

The First Step in Reconstruction

By FREDERIC C. WALCOTT

U. S. Senator from Connecticut



HARRIS & EWING

Senator Walcott headed the subcommittee of the Senate Banking Committee which handled the Reconstruction Bill

OUR financial institutions are the mainsprings of our industrial health. All business must look to them for the funds with which to operate. When they fail to function normally, industrial activity is paralyzed.

They have not been functioning normally in this depression. On the one hand we have banks whose assets have become frozen and which, to preserve any degree of solvency, must stop doing business. On the other hand, we have those with adequate cash reserves which, through fear of impairing their assets, voluntarily maintain an abnormal liquidity. In both cases, the business of financing has been brought to a standstill.

It is thus evident that any successful effort to relieve our present condition of financial stalemate must accomplish two things. It must make marketable the securities which form the assets of our financial institutions and it must restore confidence.

That is the financial problem stripped to its essentials. It is the problem which the first step in President Hoover's program for economic recovery was designed to solve.

That step was the creation of the Reconstruction Finance Corporation.

To understand the high hope which the birth of this Corporation has aroused, it is necessary to view the future in the light of the past. In bringing the Corporation into being, Congress was treading familiar ground. The organization, financial set-up and privileges of the new body are almost exactly parallel with those of the War Finance Corporation created in 1918 to attack a similar job.

Like the War Finance Corporation, the new organization is a lending, not a spending, agency. It has a capital of \$500,000,000 subscribed by the Government and is authorized to issue bonds, debentures and notes to obtain \$1,500,-

THE Reconstruction Finance Corporation was created as the first step in President Hoover's program for recovery. Here is an explanation of the task it faces and some reasons for the belief that it will accomplish the purpose for which it was organized

000,000 additional funds. These obligations will be guaranteed, principal and interest, by the United States and will be entirely free from state and federal taxation, excepting the federal inheritance tax and surtaxes.

The Corporation will lend these funds upon adequate security to banks, trust companies, building and loan associations, insurance companies, mortgage loan companies, credit unions, federal land banks, joint stock land banks, agricultural credit corporations, live stock credit corporations, receivers of closed banks and railroads engaged in interstate commerce.

It will be noted that railroads are the

only industries to be helped directly. They are included in the list because their bonds are so widely held by insurance companies, banks, trust companies and individuals as to make their credit position an important item in the whole national financial structure.

Farmers may get loans

PROVISION is also made to allocate \$50,000,000 of the Corporation's fund to the Secretary of Agriculture to lend to farmers unable to finance crops this year, on much the same basis as loans were made in 1931 to farmers in drought and storm areas.

The period of lending activity is limited to one year, although the President is authorized to extend it to two years if he believes this advisable. Loans may be made for three years, but here again an extension privilege is provided, with five years as a maximum.

At the end of this time the four directors appointed by the President automatically cease functioning. The Corporation, however, may be kept alive for another five years. At the end of ten years, its assets will be turned over to the Treasury and its business liquidated.

This, then, is the organization which has been devised to thaw frozen assets and restore confidence. It is expected to do this in several ways. In the first place the securities which it will issue will bear attractive rates of interest and are of the only type which has completely withstood the effect of economic collapse. The belief is that they will prove so attractive that they will bring hoarded funds out of hiding and into circulation again where they belong. The money hoarded by individuals is estimated at \$2,000,000,000. If this could be put to work it would help recovery materially.

Furthermore, the money raised by the

sale of these securities, and the Corporation's \$500,000,000 capital, will be used to liquefy loans whose collateral has no ready market because of the slump in values and the fear that prevails everywhere.

Financial institutions or railroads needing relief should apply for a loan to the President of the Reconstruction Finance Corporation, Department of Commerce Building, Washington, D. C., stating the amount needed and the collateral available. The collateral will be appraised and the Corporation's decision given. By taking over the slow collateral and replacing it with cash, the Corporation will pump new blood through the arteries of the banking system and through that into commerce and industry.

This process should relieve the banks that are now hard pressed, open many banks which have closed their doors but which are still solvent or practically so and bring courage, cheer and cash to thousands of frightened and aggrieved depositors. Putting money into circulation should also relieve sagging commodity prices.

A menacing factor in the banking problem and, in fact, in the whole economic crisis, is the European situation. It is fair to say that what has happened in England, Germany and in Central Europe generally has been a major factor in the disturbance to commerce, affecting the markets for our important agricultural and mineral products and our manufactured goods.

Nothing interferes with business more effectively and more disastrously than fluctuating currencies. England, for example, buys raw materials, converts them into manufactured goods and markets the finished product on a credit basis, but the purchase of raw material and the marketing of the manufactured article on a credit basis become difficult or impossible when currencies are fluctuating as the pound is now.

The foreign debt situation has been an important factor in the buying power of other countries. The foreign exchanges of those countries which have deserted the gold standard fluctuate so violently from month to month that prices are never stable unless quoted and paid in gold. When the carrying of

The Reconstruction Finance Corporation

AT A GLANCE

PURPOSE To aid in financing commerce, industry and agriculture by making loans on adequate security.

FINANCES Capital of \$500,000,000 subscribed by Federal Government. Authority to issue notes, debentures and bonds to the amount of \$1,500,000,000.

MANAGEMENT By seven directors, four named by the President. The others are the Secretary of the Treasury, the Governor of the Federal Reserve Board and the Farm Loan Commissioner.

WHO MAY BORROW Banks, trust companies, building and loan associations, insurance companies, mortgage loan companies, credit unions, federal land banks, joint stock land banks, federal intermediate credit banks, agricultural credit corporations, live stock credit corporations, receivers of closed banks and railroads.

TERM OF LOANS Must be made within a year, to run three years. May be renewed for a total term of five years.



HARRIS & EWING

CHARLES G. DAWES

HARRIS & EWING

EUGENE MEYER, JR.

General Dawes is president of the Reconstruction Corporation. Mr. Meyer, an ex-officio director as Governor of the Federal Reserve Board, was a supporter of the bill

stocks of goods becomes a dangerous operation as it does in times of declining price levels, with the added risks of fluctuating exchange, the effect is to force back on the producers the burden of carrying these stocks.

In our agricultural areas this means that the producer and the small banker who finances him are loaded with abnormal and unusual burdens.

We cannot control conditions in foreign countries but we can do much to counteract these disastrous effects on our own industries by providing new cash for the banks and railroads, upon which the strain falls most heavily.

Let us now study the possibilities of the Reconstruction Finance Corporation as suggested by the practical experience

of the War Finance Corporation in reconstruction work.

A study of the record of the War Finance Corporation reveals some interesting figures. Although it had the same capital and borrowing power that the Reconstruction Corporation has been granted, and made loans totalling about \$300,000,000, the largest amount outstanding at any one time was \$134,000,000.

These loans, it will be observed, were not very large. In the opinion of Eugene Meyer, Jr., managing director of the War Finance Corporation, and, as Governor of the Federal Reserve Board, an ex-officio director of the Re-

construction Finance Corporation, they offer no true measure of the value of the Corporation as a reconstruction medium. In fact, he told the House Committee on Banking and Currency that the War Finance Corporation was frequently most effective when no money was advanced. He explained:

"There were occasions when industries needed financing and the support of the War Finance Corporation back of the industries and their bankers enabled them to finance their requirements through the investment market. One of the activities of the War Finance Corporation was to finance the railroads. In many cases the roads and their bankers thought that issues maturing could not

(Continued on page 62)

No Business Can Escape Change

★ **DESPITE** depression the flow of new products and processes in industry continues unabated. In them resourceful men are finding new employment for their time and talents; many established companies are turning to them in efforts to put idle plant capacity to use

PORCELAIN enameled steel, resembling buff limestone in color, is being used for roof, exterior and some interior walls of a steel-framed, fire-proof home in Cleveland. . . .

ANOTHER steel home in Cleveland, being built experimentally, is of sheet metal, has no frame and is said to possess unusual heat and sound insulating qualities. . . .

A NEW system of reinforced concrete construction permits building of thin concrete roofs of very large spans and having no intermediate supports. . . .

THE basic color of Portland cement is made tan instead of gray by a new process. . . .

A RECENTLY developed portable machine for cutting brick or tile on the job is said to cut the hardest of such materials at any required slant or angle. . . .

A NEW simple, light, low-cost air filter of glass wool absorbs dust in excess of its own weight. Two units in tandem are said to remove 99 per cent of the dust from air. . . .

WITH the aid of the electric eye, priming coats can now be applied to lumber automatically and rapidly. . . .

THROUGH a new control system, street lights, off-peak electric water heaters and similar equipment are turned on or off *via* the service wires which supply their current. . . .

A NEW insulation support permanently holds pipe coverings concentric with pipe. . . .

A NEW electrically operated valve permits centralized remote control of gases or liquids under pressure. . . .

ANOTHER new general purpose valve has no metal-to-metal seats, no stem packing or stuffing boxes. Material handled can't reach working parts. . . .

A NEW type of corkboard is sealed against air and moisture infiltration. Insulating value is said to be increased. . . .

A NEW handy calculator facilitates solution of interior and conduit wiring problems, provides wiring and motor data at the turn of a dial. . . .

A NEW time delay switch operates through the slow movement of mercury from one chamber to another. It can be built for accurate time delay of two to 20 seconds. . . .

LESS-than-carlot quantities of perishable, semi-perishable and frozen foods can be safely shipped in ordinary freight cars through use of a new container and cooling unit. . . .

"DRUMSTICKS" are made more edible by a simple, inexpensive device, for retail poultry dealers' use, which removes all sinews from fowls' legs. . . .

A NEW adjustable carton wrapping machine combines flexibility in style of wrapping with high speed and ease of change from one size to another. . . .

A NEW machine for briquetting sawdust is said to turn out a product twice as heavy as wood and yielding as many heat units as a similar weight of coal. . . .

A LIGHT, pneumatic-tired, self-powered, 40-passenger, stainless-steel railway car is near completion in Philadelphia. "Shot welding," a new process, is used in its construction. Top speed is expected to be more than a mile a minute. . . .

A NEW protective coating material produces a brilliant, inflexible, extremely hard film, said to be attacked by no solvents or chemicals except sulfuric acid over 50 per cent and strongly oxidizing solutions. . . .

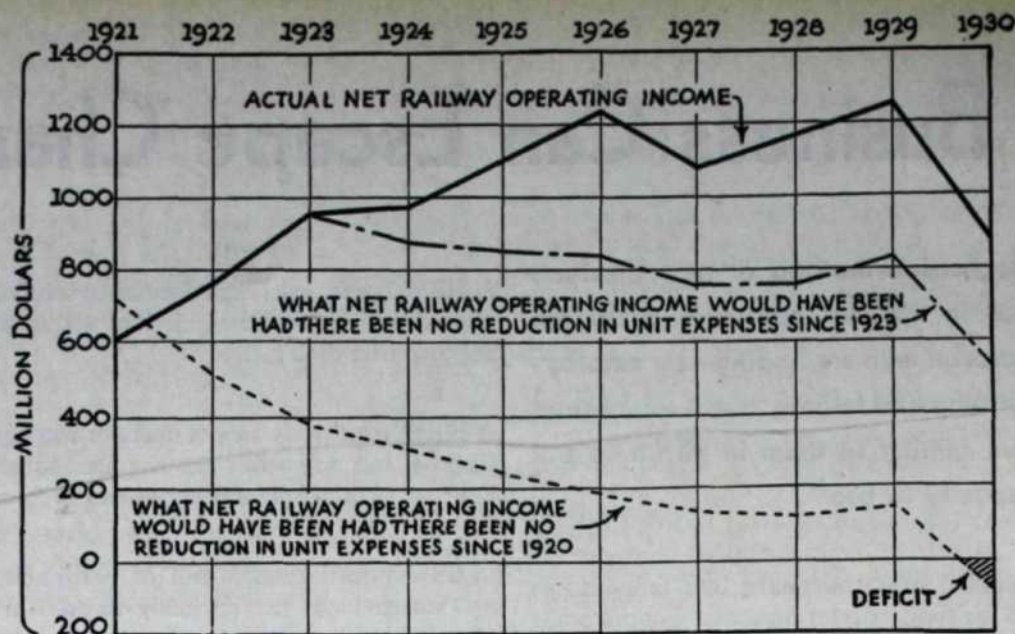
METAL, wood, glass, plaster or even cloth can be given protective or decorative metal coatings by a new metallizing gun. Fed into the gun in wire form, metals are melted and sprayed on under high pressure. . . .

MACHINERY is fastened to floors without bolts or screws by a new method in which a specially prepared oil-, water- and compression-proof compound is used. . . .

COLOR photography is made practical for amateurs by a new roll which combines three superimposed films, one sensitive to red, one to blue, one to yellow. . . .

—PAUL H. HAYWARD

EDITOR'S NOTE—Material for this department is gathered from industrial and scientific publications, announcements from individual industries, bulletins from research institutions and from personal interviews. Further information upon any of the subjects mentioned will be furnished readers upon request.



In 1923 the railroads began a \$6,750,000,000 program of plant improvement which reduced operating expenses per 1,000 traffic units from \$9.30 to \$8.34. The chart shows the effect of this change on net operating income

The Railroads Explain Their Plight

★ **ON THIS** and the following pages are two views of the railroad situation. Here is the railroads' answer to several questions you have been asking. In the following article Commissioner Eastman of the I. C. C. tells Herbert Corey his views of conditions and explains why he believes that public operation of the railroads must come eventually

WHY should the railroads, in a period when practically every other industry is reducing prices, ask for increased prices for freight transportation, the major commodity which they have for sale?

Why should the railroads feel that they have any special right to ask the Government to aid their credit?

Business men have been asking the first of these questions since the railroads applied to the Interstate Commerce Commission for a 15 per cent increase in freight rates.

The second question has been common since the Reconstruction Finance Corporation began to take shape.

Railroad executives and officers of railroad associations are ready to answer both questions. If you want the two answers in one they will say:

"Government regulation, which made

it impossible to conduct our business as other prudent business was conducted."

But if you ask these railroad men to go into more detail the answer to the first question will run about like this:

Back in 1920 the Transportation Act was passed. It included the much discussed 15A which ordered the Interstate Commerce Commission to fix such rates that carriers might "earn an aggregate annual net railway income equal to a fair return upon the aggregate value of the railway property."

At first that fair return was fixed at six per cent. In 1922, this was reduced to 5.75 per cent.

But at neither rate did the Class I railroads earn what the Commission was supposed to allow them. They ran behind the supposed return nearly a billion in 1931. The nearest they ever came to it was in 1926 when they were

only \$145,000,000 less than the somewhat mythical 5.75 per cent.

But the real reason why the railroads find themselves in the present position dates back in 1922, two years after the Transportation Act was passed. At that time business was moving rapidly out of the post-war depression of 1920 and 1921. Prices were going up rapidly. In spite of that the railroads—voluntarily in the case of farm products and by order of the Interstate Commerce Commission in the case of all other commodities—reduced prices ten per cent.

Decreased operating expenses

IT IS chiefly because of that reduction at a time when other industries were increasing prices that the railroads, unable to accumulate defensive surpluses, are trying to raise prices now.

Moreover the railroads would have found themselves far worse off if they had not, in 1923, started a program of physical betterment which cost \$6,750,000,000 but reduced the unit cost of operation by 20 per cent.

The accompanying charts show what happened. Actual railway operating income went up between 1921 and 1929 because operating expenses were cut from \$9.30 per 1,000 traffic units to \$8.34. Had expense not been cut, the

net railway operating income of the railroads would have been in 1929 about \$440,000,000 less.

Those operating economies made possible substantial gains in net income, but they never made possible a sufficient gain to offset the enforced freight reduction in 1922 and also to accumulate sufficient surplus to face a situation such as confronts them this year.

In a hearing recently on proposed changes in the Interstate Commerce Commission Act, Commissioner Eastman urged the repeal of the recapture clause which permits the railroads to retain only half their earnings above six per cent. Said Mr. Eastman:

"To the extent that we find amounts of any considerable size due in proceedings now pending there are few, if any, railroads which have cash enough on hand with which to pay them."

So much for the first question.

Government caused the trouble

AS FOR the second, the answer is much the same. The railroads feel that they are entitled to special consideration in appealing to the Government for help to their credit, because the Government put them in their present position.

Let us ask and give the railroads' answers to two more questions.

How grave is the plight of the roads?

How great is the public interest in their condition other than its interest in satisfactory transportation?

To the first question the railroads' reply and the extract is from their statement to labor in proposing wage cuts:

"There were 72 railway companies which failed by \$90,000,000 to earn their fixed charges in 1931, and, unless present net earnings can be increased, the number that will not earn their fixed charges in 1932 will be much larger. The railway companies that are failing to earn their fixed charges are plainly in danger of becoming bankrupt."

To the second question the railroads answer on the same authority:

"The life insurance companies report that they own \$3,000,000,000 of railroad bonds and have 50,000,000 policyholders. The mutual savings banks report that they own \$1,700,000,000 of railroad bonds and have 12,500,000 depositors."

Two steps to help the railroads have been taken.

The partial assent to rate increases.

The reduction in wages by mutual agreement.

The third step lies in action by the new Reconstruction Corporation.

The Road to Government Operation

By HERBERT COREY

PERHAPS Joseph Bartlett Eastman is not the "most powerful man in the United States, in or out of public life." The compliment is at least debatable.

Member Eastman of the Interstate Commerce Commission presents the negative with some heat. He observes that there are ten other men on the Commission and very frequently he dissents from the majority. But it seems conservative to say that he is an extremely powerful man. In a two-page editorial, *The Railway Age* observed that he is doing more to promote government ownership of railroads than everyone else is doing to prevent adoption of that policy:

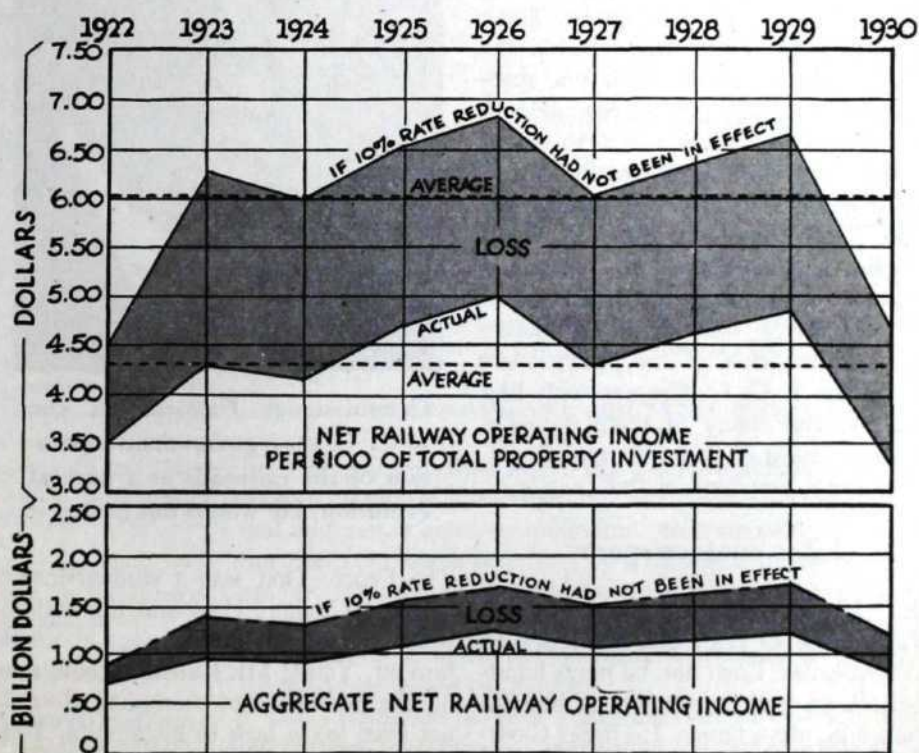
"The Interstate Commerce Commission determines the rates the railways may charge and, in consequence, the earnings they can make. Over no other industry does any body exercise such

power. Never before in the Commission's history has any member had an influence on its counsels remotely approaching that of Commissioner Eastman."

The manner in which Mr. Eastman is exercising his influence on the I. C. C. directly, and indirectly upon a \$25,000,000,000 industry and a republic of 130,000,000 people who have never shown a marked sentiment for public ownership is thus defined by *The Railway Age*:

"His economic premises and his reasoning from them have become the warp and woof of every important opinion rendered by the Commission and, through their effect upon the railways, have probably produced more effect upon economic conditions and tendencies in this country than those of any other man."

Commissioner Eastman is a modest



In 1922, when other prices were rising, the railroads reduced freight rates ten per cent. Had this reduction not been in effect between 1922 and 1930 the roads could have set up reserves to meet this depression

man. If he were to discuss that estimate of his relation to his fellow Commissioners he would demur that he is being done too much honor. He is a firm believer in and a brilliant advocate of government ownership. He maintains that it is no more socialistic for a Government to own and operate a railroad than it is to own and operate a highway. But he does not waste much time in debating this aspect of the question. If I have grasped his theory it is that the railroads will be pushed into the hands of the Government through the operation of a natural law. The sovereign people may be as sovereign as they please and as hostile as possible to government ownership. In the end there will be nothing they can do about it. But he is not in a hurry.

"I am not urging either the immediate or the early public ownership and operation of the railroads. Because of its magnitude that operation should not be contemplated without most careful preparation and planning and there has been nothing of the kind. Nor is the time ripe. Transportation is in an era of change. It is difficult to visualize even the near future. Until we can see ahead a little more clearly I am not ready to advise that steps be taken toward public ownership."

Before considering what I have called the Eastman formula it is desirable to get acquainted with the man. Commissioner Eastman is the most likable of men. His hearers are convinced that he is candid and gently courageous. There is never a suggestion that—within the frame of his opinions—he is not absolutely fair. A year ago an organization of railroad executives asked President Hoover to refuse him reappointment. They had nothing to say against the man. They were only opposed to his theories and his success in persuading the other members of the I. C. C. But the executives offered no candidate against him. Most of the practitioners before the I. C. C. disagree with him heartily. But many of them signed a petition asking his reappointment. Make what you may of that.

Likes outdoor sports

HE IS round-faced, brown-haired, brown-eyed, 49 years old, five feet nine and muscular. Each day he plays handball for an hour and when he has the chance he plays tennis. He fishes Canadian waters for a month each fall, he is good humored in wet clothes, and he does not swear, drink whisky or play contract bridge.

He is perhaps the most determined

bachelor in Washington. He is charitable with the generosity of a man who never is concerned about money. He works up his cases in the I. C. C. to the remotest detail and probably burns as much midnight oil as any other man in Washington.

He prefers flying to sleeping cars, he smokes crusted old pipes, he has a prodigious memory for fact, an appetite for battle and a sophisticated friendliness. Those who wish to get acquainted will do better if they bring no letters of introduction.

He is completely unable to recognize a licking.

Amherst gave up its annual cane rush on his account. Eastman then had the displacement of an errand boy, a caustic tongue, and no knowledge of any form of athletic endeavor. He was editor of the college magazine and too busy to play. With these qualifications he got into the first and most belligerent row at the cane rush and was severely trampled on.

When he had been revived he sat on



UNDERWOOD AND UNDERWOOD
Commissioner Eastman of the I. C. C. sees government operation of the railroads as a natural evolution. He would not hasten it

The Fence. That was a studied insult to the sophomore class and the middle weight champion of the class knocked him off. Young Mr. Eastman could not hit the middleweight champion. He did not even know how to hit at him. The champion kept on socking him and he kept on getting up for more. In recognition of his undefeated spirit the sophomore class formally exempted him from further hazing for the season.

When the president of Amherst encountered the jack-o'-lantern visage of young Mr. Eastman floating over the campus he called the student body together:

"I have just seen Joe Eastman," he said, "and I am shocked, young gentlemen! Shocked! In obedience to the democratic tradition of Amherst I have called you together to vote that the annual cane rush shall be abandoned."

The student body voted that the annual cane rush should not be abandoned.

"We shall abandon it anyway," said the president of Amherst, abandoning the democratic tradition.

Studied law out of school

IN 1905 Eastman as a B. A. went to the South End House in Boston, over which Miss Jane Addams then presided. The next year he was made the secretary-stenographer of the Public Franchise League and met such men as Judge Louis D. Brandeis and E. A. Filene and John H. Fahy and Dr. Morton Prince. After hours he studied law. In 1907 the investigation of the New Haven began and he was kept too busy until 1913 to study any more law. When he began to think of law again he spoke to Roscoe Pound:

"I am 31 years old," he said. "It seems late in life to go to law school."

"Why should you?" asked the jurist. "I never did."

Other public service inquiries diverted him again. Then Governor Walsh appointed him on the Public Service Commission of Massachusetts. In 1919 President Wilson was being urged to name W. G. McAdoo to a vacancy existing on the I. C. C.

"I have heard enough of the Crown Prince," said Mr. Wilson.

The President confided in few men as he did in Justice Brandeis, who had only recently been confirmed as a member of the Supreme Court. Brandeis and Eastman have dined together almost weekly since 1906, and the Justice suggested Eastman's name. Somewhat later Secretary Tumulty telephoned a request that Justice Brandeis call at the White House to discuss the matter. Brandeis did not appear at the time appointed. The next Sunday Mr. Wilson walked up Connecticut Avenue to Brandeis' home:

"I realize now," said he, "that it is not fitting for the President of the United States to ask a Justice of the Supreme Court to call upon him to discuss a political appointment. But the

(Continued on page 90)

Business Points the Way to Lower Government Expense

★ "STERN and determined cutting of expenditures" is the recommendation of two Chamber of Commerce committees which have studied the Government's fiscal difficulties. And they are not advising blindly. Careful study has shown them where savings can be made without handicapping proper functions of government

THE Government must live within its means. That is the practical conclusion of business men, who, as members of two committees of the United States Chamber of Commerce, have given some months to study of the Government's acute fiscal difficulties.

The committees arrived at their conclusions by different roads. One group, headed by Fred W. Sargent, president of the Chicago and North Western Railway, gave its attention to federal taxation. The other, with Matthew S. Sloan as chairman, devoted its time to a study of federal finances. Both reported in January to the Chamber Directors who ordered the Sargent Committee's report submitted to a referendum of the Chamber's affiliated member organizations with a view to crystallizing business opinion for the information of Congress. The report of the Sloan Committee was accepted and ordered published. It is, in a measure, complementary to the report of the Sargent Committee.

Thus, while the Sargent group urges "stern and determined cutting of expenditures" as a first step in balancing the federal budget, the Sloan Committee makes some pointed suggestions as to where this cutting might be done. As examples of particular expenditures which offer the largest possibilities of drastic retrenchment it lists national defense, grants of federal aid to the states, military pensions and veterans' benefits, Department of Commerce, Department of Agriculture, Post Office, the Federal Farm Board and some of the 40-odd independent establishments.

"The attitude of the past," this Committee says, "has been, 'if expenditures exceed income, then increase the income.' This formula should now be reversed. If expenditures exceed income, then reduce expenditures."

The Sargent Committee emphasizes the need for this about-face. It points out:

The 1931 fiscal year closed June 30 with a Treasury deficit of \$900,000,000. The 1932 or current fiscal year will close next June 30 with a deficit of \$2,100,000,000, according to the Secretary of the Treasury, if only those expenditures now budgeted are made and present revenue laws are unchanged. Such a deficit would be the largest in our history, except in the war years, 1918 and 1919. The 1933 fiscal year, it is officially forecast, would close with a deficit of \$1,400,000,000 under present revenue laws and the budget recommendation.

Because of the economic depression, individual and corporate incomes have greatly shrunk. Income tax receipts for the current fiscal year are estimated at \$1,140,000,000 as compared with \$2,410,000,000 for the fiscal year 1929-30, a shrinkage of more than 50 per cent. The shrinkage in customs and excise taxes is estimated at more than 40 per cent.

In contrast to this declining revenue, expenditures have continued to increase. They ran \$3,600,000,000 for 1928; \$3,800,000,000 for 1929; \$4,000,000,000 for 1930; \$4,200,000,000 for 1931. They are on a present basis of \$4,361,000,000 for the current year ending June 30, 1932. The budget estimate is \$4,000,000,000 for 1933.

To assist in meeting the situation, the President and the Secre-

tary of the Treasury have recommended that Congress impose new taxes calculated to yield \$400,000,000 new revenue by June 30 next and some \$900,000,000 in the full year thereafter. By thus increasing taxes the expected deficits for 1932 and 1933 would be reduced from \$2,100,000,000 and \$1,400,000,000 to \$1,700,000,000 and \$500,000,000 respectively, if expenditures beyond the budget are not added. The Treasury recommends the financing of these reduced deficits by sale of government bonds and expects that, during the fiscal year 1934, government receipts and expenses will become balanced.

We note that the Treasury program is based upon and emphasizes certain general principles with which our Committee has been in entire agreement:

1. Every effort should be made to balance the budget within the next few years.
2. Main dependence must be placed upon borrowing in the current fiscal year.
3. Decreased dependence should be placed upon borrowing in the next fiscal year.
4. Any program of tax increases should be mainly upon an emergency basis for a limited period to be stated in the revenue act itself. These same general policies were recommended in the tentative report which our Committee made to your Board Oct. 2, 1931.

On the other hand, the Treasury program involves a general policy which our Committee believes to be wholly unwarranted—the application of increased tax rates retroactively to the income of individuals and corporations earned during 1931. Unforeseen taxes for which no advance provision can be planned are most burdensome and difficult to meet. No retroactive taxes of any kind should be imposed. Notwithstanding the nature of the emergency, we believe other ways should and can be found to meet it.

Increase income and excise taxes

AS FOR these "other ways" the Committee makes several specific proposals. It recommends moderate increases in normal and surtax rates on individual incomes; enlargement of the group of income taxpayers by a reduction of the personal exemptions, and, if not made unnecessary by reduced expenditures, moderate excise taxes to be placed on a broad range of articles of wide use but not of first necessity so that the rates may be as low as possible.

The Committee opposes a general sales or turnover tax; discourages any increase in corporation income tax rates and disapproves any increase of estate tax rates. It favors reduction of the tax on capital gains and of the allowance for capital losses. It urges that, immediately after the emergency situation has been provided for, a long-range program

of federal finance, embracing more strict control of future expenditures and greater stability of revenues be developed.

Although this program requires additional taxes, the Committee recognizes that business and other taxpayers must face the facts. The Committee feels that it must advocate some increase in taxes to restore order to the government finances. The credit of the United States must be kept on a high plane. But it stipulates:

"There is and can be no satisfactory tax program to support the Government in a continuation of the high level of expense to which it became accustomed in the years of inflated prosperity and large Treasury surpluses."

It was to this "high level of expense" that the Sloan Committee devoted its attention. It found that *per capita* expenditures, compared with the pre-war year of 1913, have increased about 360 per cent for the Federal Government, 285 per cent for the states and 200 per cent for local units.

Expenses have grown too fast

"EVEN in prosperous times," the Committee says, "these expenditures were growing much more rapidly than the national income. In a period of depression the weight of these expenditures is greatly increased. It is the duty of governments to make the adjustment required of individuals."

"If these adjustments are to be made, government activities must be curtailed. In recent years the Federal Government has expanded greatly. It has aided in performing functions which traditionally are state functions. It has gone into a wide range of social and economic regulatory and educational activities. Some of these activities could be left to the states and others to private initiative. No work should be carried on at government expense for private persons or individuals. Social work which reaches down to the very homes of individuals can be dispensed with in times of fiscal emergency. Working units of the Federal Government should not be placed in uneconomic locations for local political reasons. Official positions which are no longer necessary because of changing conditions should not be retained. Direct money subsidies to private groups open the way to extravagance."

In pointing out specific instances where reduction seems possible, the Committee concentrates on those departments and activities which constitute the largest items of expendi-

tures or which have shown the most rapid increase in recent years. It urges that Congress scrutinize the value of services of the Departments of Commerce, Labor, Justice and Agriculture to ascertain whether their activities have expanded unduly and whether the causes of recent large increases may be eliminated. It advocates prompt action to eliminate the postal deficit, estimated at \$195,000,000 for 1932.

With the War and Navy Departments accounting for about 20 per cent of the total budget for 1931, the Committee urges suspension of new naval construction beyond that already contracted for until pending international naval conferences determine the future status of the Navy.

The Committee shows scant tolerance for the rapid growth in the number and expense of independent establishments and urges that the 42 present such establishments, spending \$1,300,000,000, be eliminated so far as practicable.

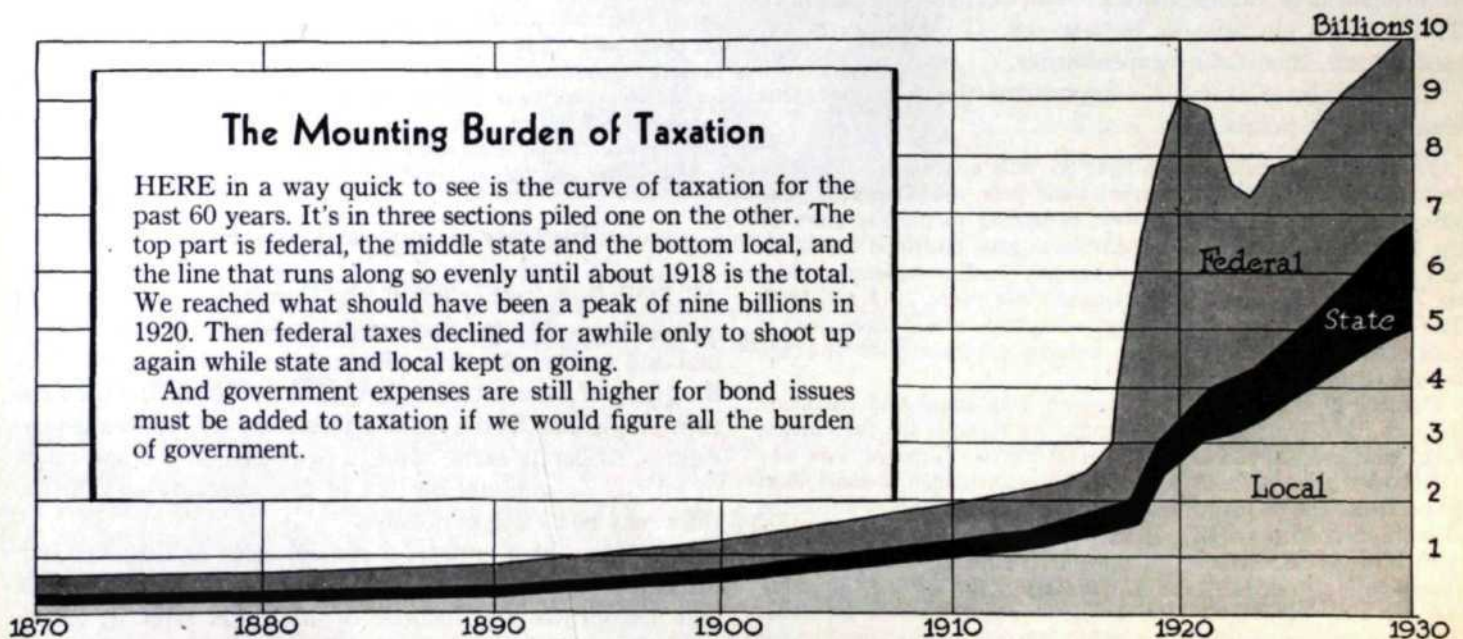
Referring to the Federal Farm Board, the Committee urges that this body be called upon to return to the Government some of the funds now in its hands.

It also recommends that many federal grants to the states be discontinued because of substantial achievement of original objectives or because projects now under way are impracticable. The Committee insists that the entire subject of federal grants to the states be reviewed by Congress and more suitable principles of permanent application provided.

In discussing the federal construction program the Committee observes that "the increase in appropriations for public construction has been largely inspired by an effort to relieve economic conditions. There is considerable belief that the present depression is too deep to be much alleviated by any practical and prudent public building program."

The Committee feels that "further expansion of public construction is not favored and borrowing for this specific object should not be resorted to."

To clear the way as much as possible for these or other reductions in government expense, the committee urges officials, business and civic associations and the public generally to refrain from asking increased appropriations for existing government activities. As an earnest of its good faith, the Chamber directors adopted a resolution instructing the Chamber's offices to suspend, during the emergency, any requests for increased government expenditures, even though approved in past commitments of the Chamber.



Estimates based on Publication of U. S. Census Bureau on state and local taxation; reports of Secretary of the Treasury, figures of National Industrial Conference Board

Tragic Eras of American Business

1884 and 1893

By WILLIAM BOYD CRAIG

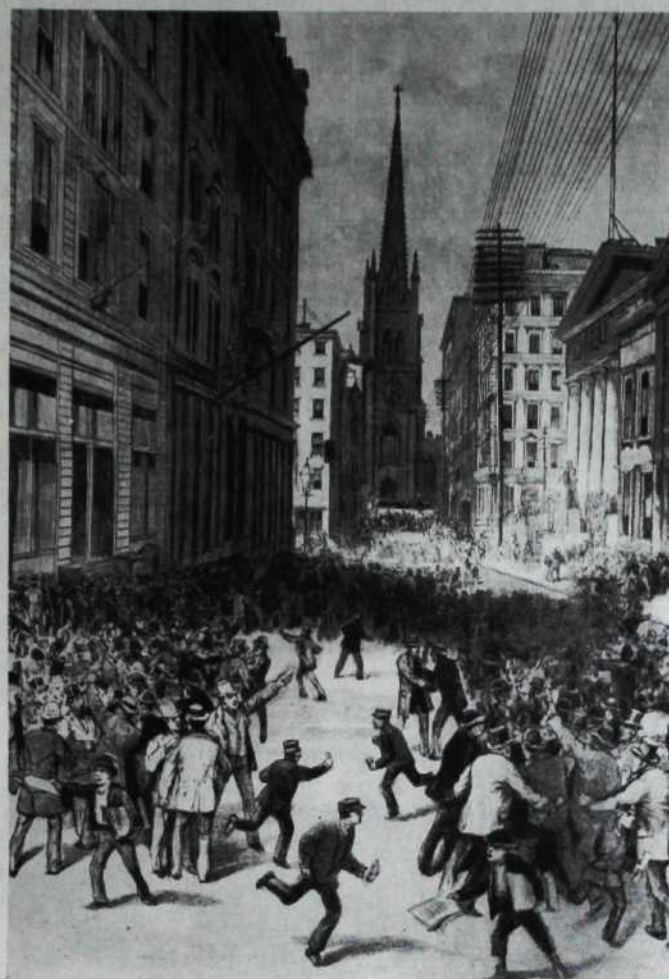
Of the staff of NATION'S BUSINESS

"SUPPOSE the country is generally prosperous outside of Wall Street. True, the producers are not getting very high prices for their products but their supplies are abundant and manufacturers are busy. I think the condition of the country on the whole is quite satisfactory."

Thus spoke former President U. S. Grant in an interview recorded in the *New York Mail and Express*, May 4, 1884. The next day the firm of Grant and Ward failed in a spectacular way and the panic of 1884 was on the country. At first, it was reported that this firm, in which the General was a peculiar sort of silent partner, had failed for \$500,000. A few days later it was found that the liabilities reached \$16,000,000, while assets were only \$67,000.

The old soldier was apparently guiltless of any intentional wrong. Two of his sons lost heavily. So did he. Vanderbilt came to his aid with \$150,000. The real defaulter was Nathaniel Ward, an engaging young Ponzi of 30. By not too subtle inference the firm had let it be understood that it had favorable government contracts. To aid his sons the General had empowered the firm to use his name in any way that might be profitable. The editors of the country rushed to his support exclaiming vehemently that no stigma should be attached to the name of so valorous a soldier.

The panic of 1873 and the depression which followed had made news out of economics. Editors were beginning to see that the masses were interested not only in Wall Street but in all ramifications of trade. Consequently much more material regarding this and the succeeding depression is avail-



FRANK LESLIE'S ILLUSTRATED NEWSPAPER

Silver agitation, farm mortgages, reckless railroad building brought the panic of 1893

able than could be found in the news of 1837, 1857 or 1873.

On May 14, 1884, the *Boston Evening Journal* under the head "A Dark Day in Wall Street" reported that "not since Black Friday has Wall Street presented such scenes as those witnessed in the vicinity of the Stock Exchange this morning. The market which has been so steadily falling for days opened in the continued order and depression reigned supreme.

"Suddenly a failure was announced. Then came another and another until five well-known and respected firms were posted as having succumbed to the deplorable condition of affairs. The Street was growing wild. Men and boys were rushing to and fro forcing their way through the crowds that gathered on the sidewalks and in the middle of the street. Old men shook

★ **WE HAVE** heard this depression called "the worst in history." To determine if this was actually true, Mr. Craig examined the records of past panics as revealed in newspapers and magazines of the times. This study indicates not only that this is not our worst depression but that we can never again have depressions as severe as in the past

their heads in grave anxiety and the young ones were for once silent and perplexed."

The same paper in its supplement adds that "the height of the excitement was reached in the last hour when numerous alarming rumors were set afloat and the brokers in the Exchange became a howling mob that appeared to be throwing stocks overboard, reckless of every consideration except

their terror. The sale of stocks at the Exchange reached a total that was officially placed at 500,000 shares."

In reviewing the past year, the *New York Tribune* on January 2, 1885, summarized the events of the previous May as follows:

Failures bring financial panic

"THIS month witnessed a so-called 'panic' in the Stock Exchange. The Marine Bank and Grant and Ward suspended on Tuesday, May 5. The next week the Metropolitan Bank and a number of banking and brokerage firms suspended, adding to the excitement and depression in financial circles. The speculations of John C. Eno with some \$4,000,000 belonging to the Second National Bank were also developed and made part of the history of the month. The clearing

their hands the option of taking lower wages or going without work altogether.

Wall Street has never before been so gloomy at a holiday season. The brokers are in no mood for fun.

The *New York Tribune* reported on January 8, 1885, that: thus far, December 15, 1884, must be regarded as the period of lowest prices (wholesale) yet reached in the country.

The same paper in its résumé of the past year said:

The year 1884 was marked by a larger number of failure than occurred in any previous year. The Mercantile Agency reports 10,968 in the United States against 9,184 in 1883. Liabilities amounted to \$226,000,000, an increase of more than 30 per cent. These reports include 904,759 persons in business. Of these, one in 82 failed. In 1878 one in 64 failed.

On January 4, 1885, the *Tribune* added that "the changes in the rate of wages continue, particularly in the iron and steel business. The Pittsburgh Bessemer Steel Works at Homestead, Pa., have posted a notice to reduce the wages of employees 23 per cent in the mill, and ten per cent for laborers. The company employs about 1,000 men."

Looking for sunshine

THE next day Greeley's journal added that "the root of difficulties in 1884 was not that trade was small but that it was not generally profitable."

A few could look on the bright side. The editor of Frank Leslie's *Illustrated Newspaper* took heart after the first shock of the panic and said, May 24, 1884, "The outlook on the whole is all the better for the recent disturbance. The storm has in a measure cleared the commercial atmosphere and may be



The Metropolitan Bank failure was reflected in the stock market. It helped bring the panic of 1884

house met immediately after the failure of the Metropolitan Bank and by their prompt joint action and the issue of clearing house certificates relieved the situation. Stock declines were swift and violent. The money market in call loans for a few days rode stringent at one-fourth to one per cent a day."

The *New York Sun* on January 1, 1884, found that this New Year's day does not find our people so prosperous and contented as they were when the year 1883 came in. Even then the tide of commerce and manufacturing prosperity which came with a swell in 1879 had begun to recede. Trade and finance, commerce and manufacturing have become more and more depressed. Profits have been still further reduced. Prudent merchants have grown more cautious. Buyers have been fearful of overloading themselves and in general a hand-to-mouth business has been done. Doubt and suspicion have jarred Wall Street.

Manufacturers of iron and cotton and woolen goods are working with reduced forces, are curtailing their products or are giving



FRANK LESLIE'S ILLUSTRATED NEWSPAPER

The winter of 1893 was one of the darkest ever recorded. Unemployment was widespread

PASSENGER CARS
PRICED AS LOW AS

\$ 475

TRUCK CHASSIS
PRICED AS LOW AS

\$ 355

 $\frac{1}{2}$ -TON MODELS
WITH BODIES
PRICED AS LOW AS

\$ 440

 $1\frac{1}{2}$ -TON MODELS
WITH BODIES
PRICED AS LOW AS

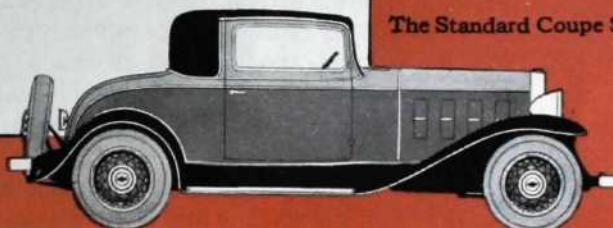
\$ 670

*All prices f. o. b. Flint, Michigan. Special equipment extra.
Low delivered prices and easy G. M. A. C. terms.*

The Half-Ton Standard
Panel, complete with
body, \$560



The Standard Coupe \$535



Chevrolet economy

STARTS ON THE DAY OF PURCHASE



The unexcelled economy which has made Chevrolet the first choice of so many business firms, is an *all-inclusive* economy. It makes itself felt in every phase of Chevrolet's operation, performance, upkeep and maintenance. It extends throughout the long period of Chevrolet ownership. And *it starts on the very day you purchase a Chevrolet!* The prices on both Chevrolet passenger cars and trucks are among the very lowest in today's automotive market. You can buy a Chevrolet Six for as little as \$475, f. o. b. Flint, Michigan. On the truck line, reductions that range from \$10 to as high as \$65 have recently been announced. They make Chevrolet trucks, more than ever, the ones to buy for lowest transportation costs.

CHEVROLET MOTOR CO., DETROIT, MICH. DIVISION OF GENERAL MOTORS

CHEVROLET

SIX-CYLINDER PASSENGER CARS AND TRUCKS

When visiting a CHEVROLET dealer please mention Nation's Business

considered a harbinger of the better times that are to come."

Robert Ingersoll turned his power of description to the scene in 1887:

"Our country is prostrated. Labor is in rags. Energy has empty hands. The wheels of the factories are still. In the safe of prudence, money lies locked by the key of fear. Confidence is what we need—confidence in each other; confidence in ourselves; confidence in our institutions; in our form of government; in the great future; confidence in law; confidence in liberty, in progress and in the grand destiny of a great republic."

Spectacular news of 1884

SINCE few of the present readers of NATION'S BUSINESS were also newspaper readers in 1884, it might be interesting to recall some of the main topics of the times. Stirring outlaws contributed perhaps the most spectacular news. Jesse and Frank James were among the leaders, although Johnnie Irving and Frank Rande received an enviable amount of newspaper space. The gentle Matthew Arnold had set the country agog with his lecture tour. The editors were extremely apprehensive lest he return to England with uncomplimentary criticisms. Tyndall was stirring up interest in science with his lectures.

The accounts of Bismarck and his activities were frequently in the news as he made alliances in Europe which were to stir up future trouble. Macy's was advertising corsets for 49 cents early in the year while a rival operator quoted an allegedly superior article for 39 cents. John L. Sullivan frequently broke into the news. Anthony Comstock was harassing publishers and booksellers for purveying obscene literature. Professional sports were crowding the more genteel amateur pastimes for news space.

The first comprehensive study of depressions was made in 1886. The economist responsible was the first Commissioner of Labor, Carroll D. Wright, who appraised the situation in the country in his first report, part of which is included here:

Industry has been enormously developed, cities have been transformed, distances covered, and a new set of economic tools has been given in profusion to rich countries and, in a more reasonable amount, to poorer ones. What is strictly necessary has been done oftentimes to superfluity.

This full supply of economic tools to meet the wants of nearly all branches of commerce and industry is the most important factor in the present industrial depression. It is true that the discovery of new processes of manufacture will undoubtedly continue, and this will act as an ameliorating influence, but it will not leave room for a marked extension, such as has been witnessed during the past 50 years, or afford a remunerative employment of the vast amount of capital which has been created during that period.

The day of large profits is probably past. There may be room for further intensive, but not extensive development of industry in the present era of civilization. . . . Supplying themselves with full facilities for industry and commerce will give to each of the great nations of Europe and America something to do, but the part of each in this work will be small and far from enough to insure more than temporary activity.

A new factor appeared during the 'eighties, which must be considered henceforth in all industrial matters. It was the labor movement. The first really successful strike in the country took place in 1885 on the Gould railway property. It was conducted by a loosely organized group known as the Knights of Labor. The Knights declined for various reasons, and were superseded by the American Federation of Labor.

Resumption of specie payment in 1879 had relieved the hard times following the crash of 1873. Until late in 1883, general prosperity was the rule. Then commercial failures began to darken the picture. The spectacular frauds which

came to light in May disturbed not only the financial structure, but the whole commercial pattern as well. Nobody trusted his neighbor. More than any other factors, it was distrust and suspicion, brought about by the frauds and failures, which made 1884 go down in history as a depression year. It was not one of the most severe, but its effects were keen enough. Renewed activity in railroad building, and settlement of the West relieved the situation and accelerated the country's forward march. The country may truly be said to have worked itself out of this depression.

Between 1880 and 1890, railroad building averaged 7,000 miles a year. The Canadian Pacific, Great Northern, Southern Pacific, and Denver and Rio Grande were among the important lines completed in this decade. So important were they to the development of the West that, between 1885 and 1890, some 16,000,000 acres were taken up by homesteaders.

The impetus which the rails gave the steel business was increased by another new development which was to play an important part in American life. That was the skyscraper. In 1883, the first steel frame building was erected in Chicago. Between 1880 and 1890 the output of pig iron doubled. The 'eighties also contributed a large share of inventive genius which was not then appreciated fully.

The panic of 1893 came a few months after the bloody Homestead steel strike. Just before the election of 1892, a group of private police fired several volleys into a mob of strikers demanding higher wages. Silver agitation, agricultural depression, farm mortgages, reckless railway financing and unsound banking are generally credited with bringing on the panic, which came with dramatic suddenness. The failure of the Reading Railroad and the collapse of the National Cordage Company drew banks down with them. Soon 22,000 miles of rails were in the hands of receivers.

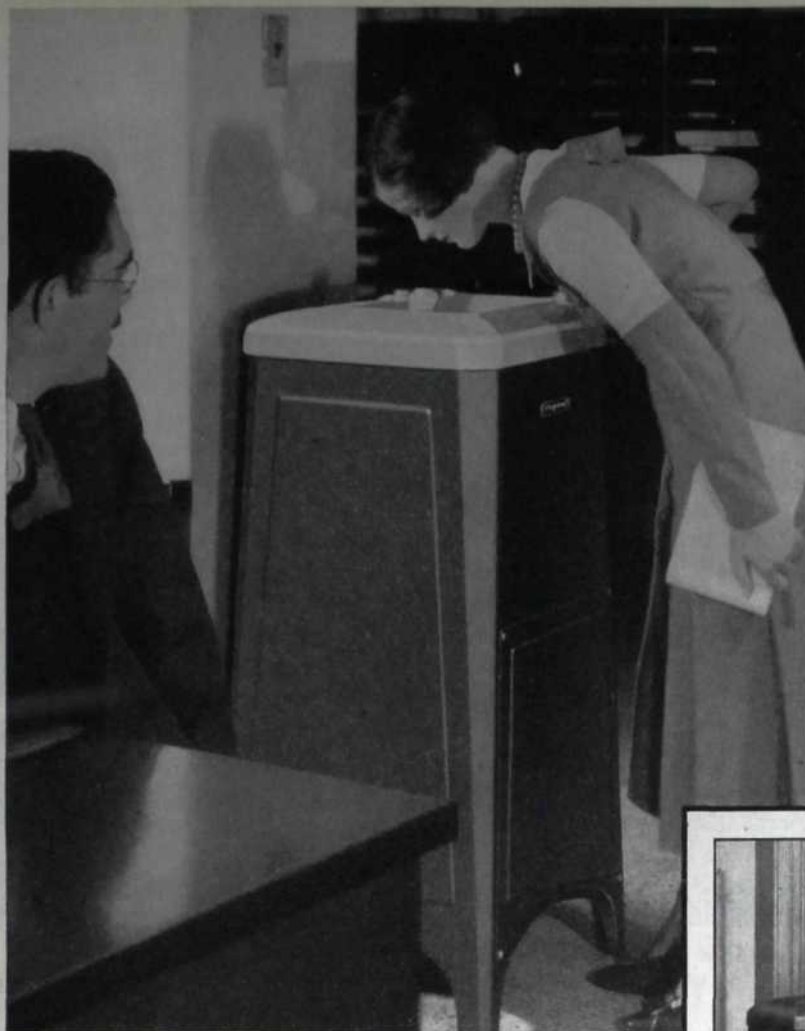
Silver and gold were fighting

POLITICS was tied into the depression in an interesting way. The western silver mining states wanted the Government to buy silver for currency in increasing quantities and at good prices. The eastern bankers preferred a single gold standard. After the financial crisis, the gold reserve which protected the greenbacks in the Treasury vaults shrank to dangerously low levels. Instead of sending gold into the country, foreigners sent back American securities. Perhaps at no time in our history has there seemed to be such a wide variation between the interests of the East and West. The Administration was caught between the desires of the two.

The gold reserve continued to be drained out, until, in 1895, President Cleveland and his Cabinet held a dramatic meeting with J. Pierpont Morgan, who agreed to give the Government \$65,000,000 in gold in exchange for bonds. Thus for the first time the Government, on the verge of bankruptcy, was forced to seek the aid of private business. In former depressions the Treasury was able to assist harassed business.

The standing of the Government was made safe, but the sectional differences of the country were such that few measures of national interest could be passed by Congress. At the time, President Cleveland was soundly criticized for "selling out the country to Wall Street" and history has been slow to give him the credit he deserves for his courage in striking out into new paths. He lost popularity but he saved his country's credit.

The headlines in the latter part of 1893 and early in 1894 tell the pathetic story of the state of the country:



His best worker *drinks plenty of water*

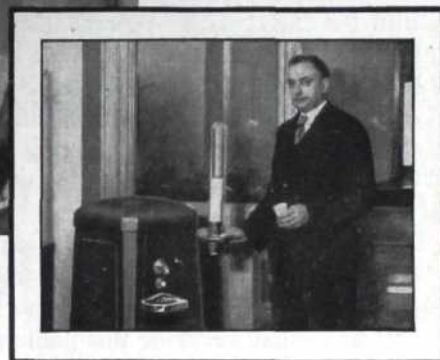
OFFICE MANAGERS FIND FRIGIDAIRE PROFITABLE INVESTMENT

Water is important to health and if your employees do not drink adequate amounts of water, their efficiency is affected. The reasons why most people do not drink enough water are because it is either too warm, too cold or the supply is not convenient.

Frigidaire Water Coolers will correct these conditions in your office by furnishing an unfailing supply of properly cooled water in convenient locations. Better office-health will be promoted. Greater efficiency will result. And, in addition, Frigidaire reduces your water-cooling expense and eliminates all

the muss and inconvenience of old-fashioned methods.

Frigidaire has set a new style in water-cooling equipment. The smartly designed cabinet is very compact and finished in a neutral shade of durable Duco. Frigidaire is incredibly quiet in operation . . . the cooling unit is an improved type which makes for quick, efficient cooling . . . and the sturdy mechanism is provided with the EXTRA POWER which insures a surplus of cooled water always. Many special features have been added . . . send for booklet. Frigidaire Corporation, Dayton, Ohio.



"Its operating cost is negligible . . ."

—Amalgamated Association of Street & Electric Railway Employees of America, Providence, R. I.

"Frigidaire enables our force to get a drink without the inconvenience of stepping outside of the office. This is a time-saving feature which means money to us. We feel Frigidaire is a health-maintaining factor. It undoubtedly encourages much drinking which doctors prescribe as a healthful practice. The operating cost is negligible . . ."



A NEW TYPE FAUCET is a special feature on all models for cooling bottled water. So convenient, a glass of water can be drawn with only one hand. There are also models for connection to city water lines. Some models have a special refrigerator compartment for keeping beverages, lunches, cigars. Many other features have been added.

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Equipped with a Refrigerating Unit that is Guaranteed for 3 Years

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THE CRY FOR WORK OR BREAD
 CHARITABLE SOCIETIES UNABLE TO MEET ALL THE CALLS MADE
 UPON THEIR RESOURCES
 THE CITY'S UNEMPLOYMENT ESTIMATED BY SANITARY POLICE AT
 MORE THAN 60,000
 FEEDING 2,800 EVERY DAY OR ONE-TWELFTH THE POPULATION
 IN YONKERS
 STATE TO SATISFY HUNGER
 TAMMANY'S HELP FOR THE POOR
 POVERTY AND DESTITUTION AMONG WAGE EARNERS IS WIDESPREAD
 POVERTY'S PINCH IS HARD
 PETTY THIEVES SAY COLD AND HUNGER DROVE THEM TO STEAL
 DISTRESS IN JERSEY CITY
 HARD TIMES IN ELIZABETH

Hard times brought pitiful reports

ON December 19, 1893, the New York *Sun* carried the report of the Rev. John B. Devins, pastor of Faith Chapel to the New York Presbytery. In part he said:

"Our brethren are in distress. Their life blood is oozing away. They are dying from starvation while politicians are discussing the Wilson Bill. Factories are shut down. Mills are closed. Stores have reduced their forces. Men independent a year ago are walking the streets today—beggars."

In the same paper Ballington Booth of the Salvation Army says that he despairs of giving the many applicants the miserable pittance that will keep life and body together. Within the last year he reports that "We have been able to find employment for 6,380 people but in spite of this the prospect for the winter is one of the darkest ever recorded. The number reported by slum brigades, rescue brigades and food and shelter brigades as suffering from lack of coal, lack of food and lack of woolen clothing was never more sorrowful or depressing."

Dr. Devins closed his report with an estimate that 30,000 union men and twice as many non-union men were unemployed in New York City in December, 1893.

The depression following this panic was the first, and the worst which the West has known. Rail strikes and bank failures prostrated huge areas and retarded the development of towns.

The *Nebraska State Journal* in surveying the situation recalled that the United States was not alone in feeling a depressed state of trade. It noted that Great Britain, France, Russia, Germany, Greece and Australia were far below normal.

Tornados, mine explosions, anarchist uprisings and other disasters brought a "total loss of life never equalled." A radical in Barcelona, Spain, hurled a bomb into a theater killing more than 100. Twelve thousand Persians were killed in an earthquake in that country. Riots of the unemployed were reported even in staid Holland. Spain, Italy and Russia were struggling in a condition of quasi-bankruptcy, according to the New Orleans *Times-Democrat*.

The Cincinnati *Commercial Gazette* of January 1, 1894, estimated that 70 or 80 thousand miles of railroads passed into the hands of receivers in 1893.

The day before, the *Commercial Gazette* said that the depression in business, the shrinkage in values and general poverty that have followed the panic are without precedent. The panic of 1873, which was the reaction from the inflation of the war period, sinks into insignificance in comparison with the record of the year which closes today. Liabilities of commercial banking and railroad concerns that failed during the twelve months aggregate nearly one billion, eight hundred million. These stupendous figures are unparalleled.

In New York the same day the *Sun* said that the destitution in Paterson (N. J.) is nearing the high water mark

of 1873 when it was estimated that one of ten of the total population was dependent on charities for the necessities of life. From the statistics recently gathered the proportion of destitute is one in 13.

Chauncey M. Depew is quoted in the Bismarck (N. D.) *Daily Tribune*, December 27, 1893, on his return from Europe.

The cry of all Europe is bad business. Nothing like it has ever been known before. They all feel and look poor. While this is especially true of continental Europe, England has not escaped the prevailing hard times. The great coal strike which was just ended produced an incalculable amount of damage. Coal became so scarce and expensive that factories were forced to shut down.

Hotels also suffered. This is especially true in Italy. The World's Fair and the scare have kept Americans at home and travel has fallen off one half.

Strikes and lockouts were frequent in the middle 'nineties. In 1894, it is estimated that nearly a million workers were involved, chiefly among the mine and rail groups. Some 125,000 workers walked out as a result of the Pullman strike in Chicago.

Blood was shed and property destroyed. For the first time an injunction was handed down against a union, and bitter hatred was stirred up. Federal troops were called out to stop looting and put down rioting.

In 1897, the strength of the union movement could be gauged, when the United Mine Workers went on strike. Although the membership was only 10,000, nearly 100,000 miners walked out in sympathy, shutting down every coal field in the country except West Virginia. The miners won a sweeping victory. The strikes of the 'nineties, it might be added, were largely defensive while those of the early years of the next century were offensive moves to win better conditions.

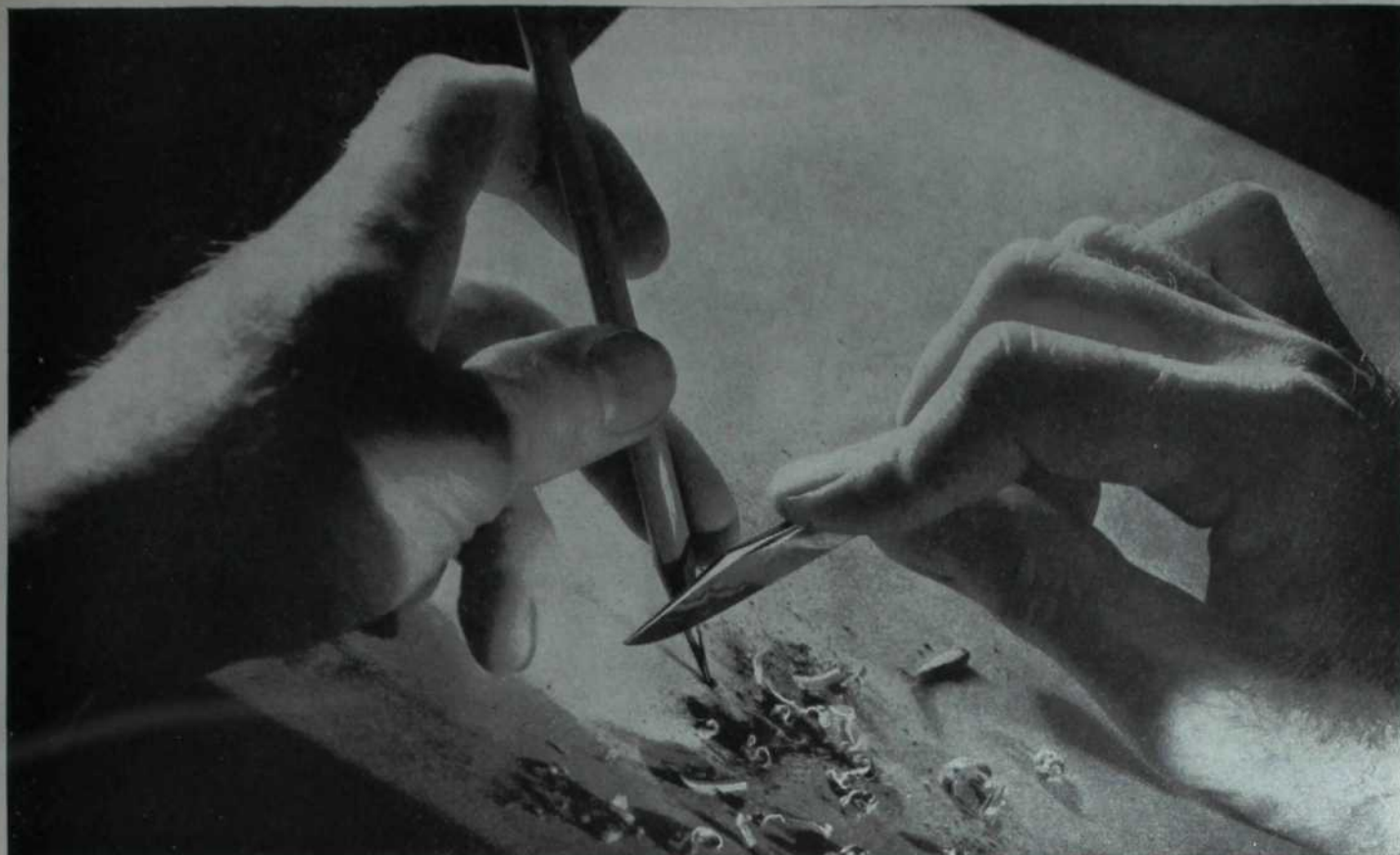
The demand for gold coupled with the decline in need for silver brought about new discoveries of gold on the North American continent and in Africa. The addition of this new wealth was an important factor in the recovery of 1898. In 1897, commodity prices reached the lowest level in 100 years, and then began a sharp ascent. In 1896 this country was fortunate in yielding bumper crops while other lands were suffering from poor harvests. More than the average man realizes, some of our periods of greatest prosperity have been enjoyed at the expense of less fortunate nations.

A country with a stronger fiber

WITH the close of the nineteenth century came an end to several phases of American life which can never come again. At least a few of the troubles which cause panics and depressions had been experienced for the last time. The nation had at last achieved one mind on the currency problem. Each period of hard times taught the country something. The whole fiber of the country was toughened a little by each adversity, and little by little the body of the people was inoculated against recurrence of the same disease.

The century ended as the country was enjoying a period of prosperity. The economic storms which had been safely weathered since the founding of the Republic had cleared away scores of misapprehensions. In 1800 we were one of the weak nations of the world. In 1900 we bowed to none. There was no question any more of our right to exist. The development which that single century saw in this country was greater than the world had ever witnessed before. By 1900, science had replaced the West as the source of man's faith in progress and the future.

(This is the third of a series of articles by Mr. Craig. The fourth will appear in an early issue.)



You can sharpen the pencil too fine!

Business is frantically sharpening the pencil these days. But whittling selling prices too fine finds you trembling at the breaking point, flirting with fatal disaster. Unless you back it up with reduced production costs.

The manufacturers who are doing the least worrying today are those who have turned back to manufacturing and reduced production costs to fit present-day price levels . . . A number of them have found the way with the help of Special Production Machines.

With over forty years of experience in practical machine design and construction, we have been able to improve the performance of existing machinery and build special machinery to meet special needs, to cut costs and improve production in some of the largest plants in a variety of industries.

In your plant there are costly production weaknesses you have tolerated in more liberal times because there was no ready remedy. Every plant has some. This is

the time to eliminate them. It costs you nothing to ask us if we can help you. Write Special Production Machines, 67 Newport Avenue, Norfolk Downs, Massachusetts.

Special PRODUCTION MACHINES

A Division of PNEUMATIC SCALE CORPORATION, LIMITED

For over forty years, Pneumatic Scale Corporation, Limited, has manufactured automatic labor-saving machinery for many of the world's largest producers of merchandise

SPECIAL PRODUCTION MACHINES, NORFOLK DOWNS, MASSACHUSETTS

When writing to SPECIAL PRODUCTION MACHINES please mention Nation's Business



The layout is so arranged that each bundling machine is fed automatically and directly from a Cellophane wrapping machine.



How the makers of BROMO QUININE

improved their package



and also made an important
saving by bundling the product



BY adopting Cellophane wrapping, the Paris Medicine Company has been able to make a marked improvement in the appearance of the Bromo Quinine package, without changing any of

its well-known characteristics—an extremely important factor, especially in the sale of proprietary remedies.

In addition to improving the appearance of the package, the sealed Cellophane wrapper also assures the buyer that the goods are fresh, and in the same perfect condition in which they left the makers' plant.

To lower packing costs, the Paris Medicine Company also installed bundling machines, which are fed automatically from the Cellophane wrapping machines. The packages are bundled in dozen lots, tightly wrapped and sealed in strong kraft paper. Every thousand bundles which pass through these machines represent a saving of \$6 to \$7 on former costs of packing in cartons.

Can your package be improved? Can your costs be lowered?

We will be glad to help you find the answer to these important questions. Get in touch with our nearest office.

PACKAGE MACHINERY COMPANY

SPRINGFIELD, MASSACHUSETTS

NEW YORK

CHICAGO

LOS ANGELES

LONDON: Baker Perkins, Ltd.



PACKAGE MACHINERY COMPANY

Over 200 Million Packages per day are wrapped on our Machines

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Irritations in Business

THE junior partner came out to see me with an irritated look.

He said, "The chief is a grand guy—honest, kindly, capable, and so on. But about once a day I feel like cracking him one on the jaw, for all that. He is an incurable long-distance-telephone-conversation interrupter.

"We do a good deal of business over the telephone. The chief is a little deaf, and won't talk over the phone if he can help it. He always asks me to do that. Well, when we have a car of grain to sell or a car of feed to buy, I get on the phone. Then he will get into action.

Interrupts the phone talk

"I DON'T know whether other people are built on my lines or not. I can listen to two conversations going on in the same room with me, and get the substance of both; but I can't listen on the phone and pay attention to somebody at my elbow at the same time. Where time is money at the end of the month, I want to talk to the point; I want to be sure to speak and hear straight. It makes some difference in our business whether we sell a car of grain to go immediately, or in thirty days. And invariably, when I get my party, the chief starts to talk to me.

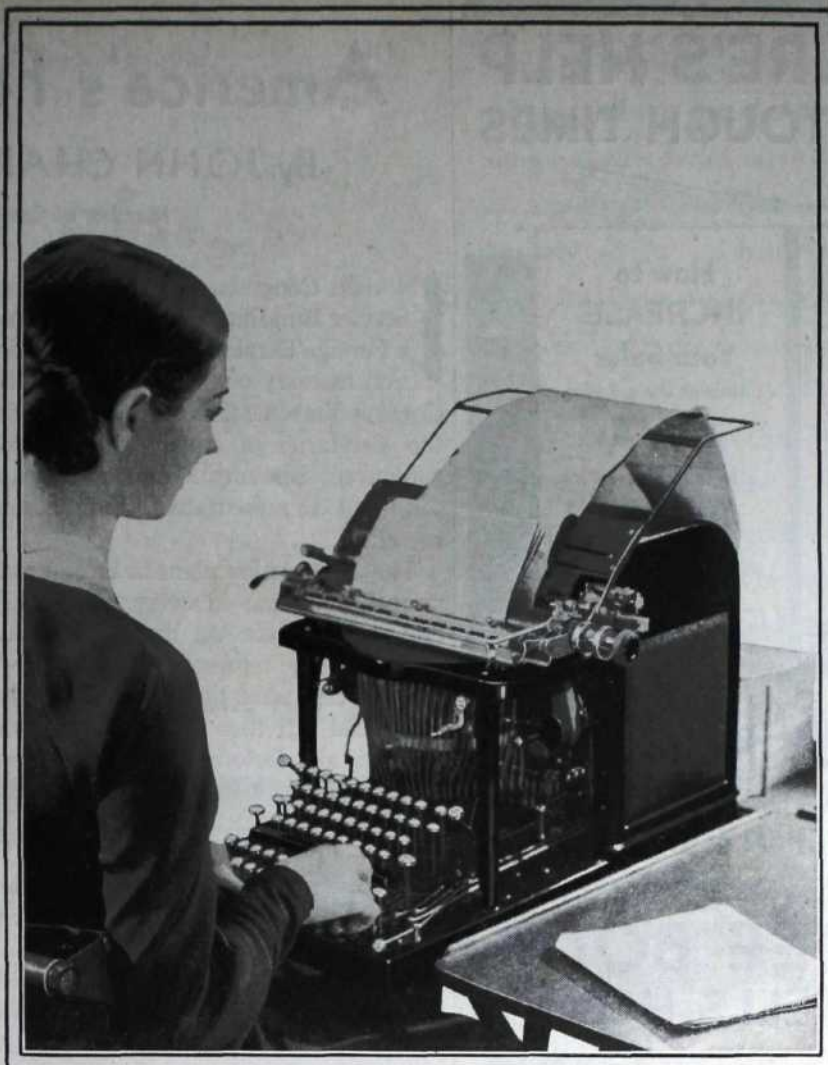
"He'll say, 'Be sure to tell him we can't ship till next week.' And so on. I can't listen to both; I just can't. I have to prolong the conversation, or take chances of missing important details. And if I don't stop to listen to the chief, he gets mad.

"I've tried to educate him, by going carefully over every possible detail that I may want to cover before I call up. That hasn't made a bit of difference. We may agree that we can't ship a certain car before next Tuesday; I've got it on the memo pad in front of me; I speak of it at once to my party; but does that stop the chief? Not a bit of it. He'll interrupt to remind me of it.

"I can't teach him; I don't want to slight him; and I've got so I dread to have him around when I do business over the phone. Can you suggest anything short of murder to remedy the situation?"

I couldn't. All I could do was to add one more to my list of the unconscious exponents of bad manners in telephone conversations.—RONALD FOXCROFT

BURROUGHS
TYPEWRITER
BILLING
MACHINE



COMPUTE
as
you TYPE

. . . *for* **FASTER INVOICING**

Burroughs Typewriter Billing Machine is the only machine that writes and computes a complete invoice in one operation. All figuring . . . extending (by direct multiplication), discounting, totaling, and other calculation . . . is performed as the invoice is typed. The figuring costs neither time nor money. » » The machine also has many other exclusive features of speed, accuracy and simplicity that make it the fastest billing machine in use today. » » For a demonstration, telephone the local Burroughs office.

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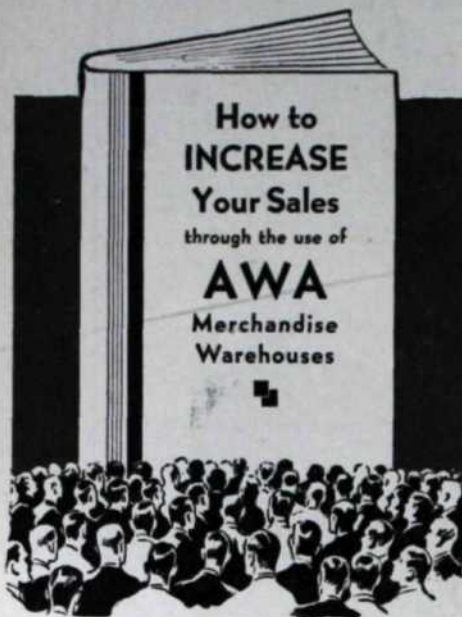
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MACHINE BACKED BY
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while increasing your sales
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IF YOU haven't seen this new book on modern selling and distributing methods, write today for your *free* copy. It tells how to gain regional or national distribution for your product, at minimum cost... how to place spot stocks of your merchandise in the cities where your goods can be most readily and profitably sold... how to reduce branch house overhead by using our warehouses as your *own* branch distributing points.

Nationally-known merchandisers—famous for their success in selling their maximum market—contributed the facts, figures and ideas which this book presents. You'll read in it the experiences of such products as Lucky Strike, Beech-Nut, Bon Ami, Borden, Carnation Milk, Colgate, Comet Rice, Karo—and hundreds of others, made by manufacturers large and small.

In these trying times, alert executives are finding fruitful knowledge and common-sense inspiration in the A.W.A. Booklet. Write today for your free copy. Let us show you how to get strategic distribution for your raw materials, manufactured articles or service parts. Economical, efficient distribution—at minimum cost! That's what A.W.A. warehouses offer. The book tells how.



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When writing please mention Nation's Business

America's Foreign Offices

By JOHN CHARLES LINTHICUM

Member of Congress from Maryland

IN 1926 Congress passed the Foreign Service Buildings Act, and appointed a Foreign Service Buildings Commission to carry out its provisions. The Commission's membership now includes the secretaries of state, treasury, and commerce; Senators Borah and Swanson, and Representative Temple and myself.

The Commission plans to erect a government building in every one of 170 odd cities where we have diplomatic and consular representatives, and we plan to centralize under one roof governmental activities in each of the major capitals. Before 1925, the United States owned few buildings abroad. The Government rented such quarters as it could.

If our ambassadors and ministers were rich enough, they could rent suitable houses. Our office buildings as a whole were unsatisfactory, and, with the consulate in one building, the commercial attaché in another, and the embassy or legation staff in still another, American business men might waste a day in seeing officials whom they could have seen in an hour or two had the offices been under a single roof.

The Foreign Service Buildings Commission now has either completed or under way 37 projects in as many foreign capitals and cities. Congress has authorized ten million dollars for the work and we will use it to erect government buildings in those cities where the need is greatest. Obviously, this sum is not enough to cover the 170 odd cities, but we have been able to make a good start.

Examples of American building

THE buildings we are putting up represent the finest efforts of American architects. From top to bottom they are American, and they have all the conveniences to which Americans are accustomed.

The furniture, accessories and plumbing are American. This modern type of American building will help to promote the sale of American buildings, furniture, office equipment, refrigeration, and many other things.

Example is often the best advertisement. I recall an American minister

in Switzerland whose wife ordered a vacuum cleaner from the United States. It was not long before her Swiss friends discovered how this device lightened the household burdens. Many of them ordered vacuum cleaners.

Prestige counts abroad

OUR program will help the American business man abroad in another way. National prestige counts for much in international trade, and European nations have long recognized this relationship.


To put a consul or a trade commissioner in a shabby office is not a good way to advertise the United States, or the industrial and commercial achievements of this country.

The Commission has devoted special attention to the American posts in Asia and in South and Central America. These are among the principal fields of the expansion of American trade in the future. Here, too, the American business man faces keen competition. Modern and well equipped government buildings, such as the embassies we now have in Rio de Janeiro and Buenos Aires, will bring added prestige to the United States.

The Commission is using the colonial type of architecture in the main. The exteriors of many of these buildings will be duplicates of some of the famous mansions of colonial days.

In the long run our program will mean a great saving for the taxpayers. Consolidation of nearly a score of government activities in a single building, as has been done in Paris, will be a real economy. Rent will be saved, and we have been spending for the rent of offices alone over \$550,000 a year.


In the past we have spent large sums in erecting temporary exhibits at foreign expositions to house products of American factories. The Commission proposes to erect, in these new government buildings, 170 permanent exhibits of American architecture, furniture, office equipment and business methods. For each of the buildings will be an enduring exhibit of our standards of living and the industrial efficiency of twentieth-century America.



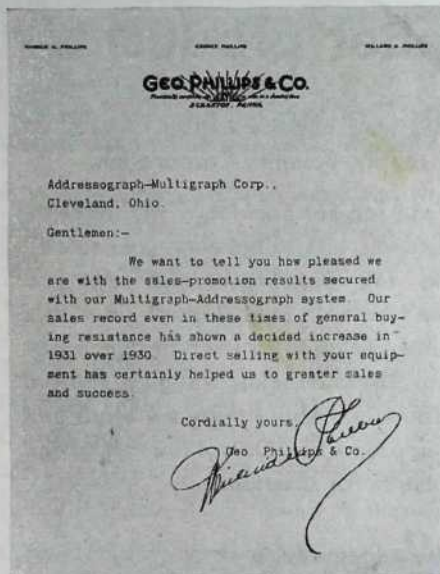
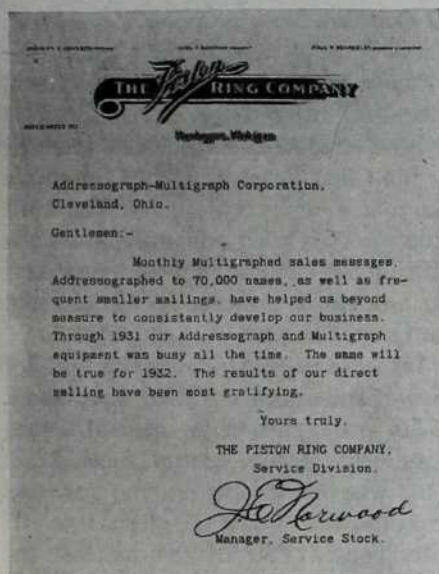
Piston rings

or

precious Jewels



Here's Proof that Sales can be Increased Now!



● A piston ring manufacturer continues to *rapidly expand* his business volume in 1931... a wholesale jeweler shows a *substantial increase* in sales... an auto accessory jobber *boosts his business 40%*... a bank *doubles its* trust business and makes a *sixfold gain* in its corresponding banking business... a retailer *reopens* two thousand old accounts which net \$15,000 in initial purchases... these are but a few of the 1931 business successes made possible with Addressograph and Multigraph equipment.

The terse, fact-full letters at the left are representative of hundreds received from concerns that forged ahead with consistent sales and profit gains during 1931. Their records are an inspiration, and a powerful testimonial to the fact that merchandise *can be moved* when buyers are properly sold through direct selling. ● Addressograph and Multigraph enable users to efficiently produce lucrative direct advertising, just as The Piston Ring Company and Geo. Phillips & Company have done. Through the advantages offered in this equipment, *any* business can successfully stimulate its customers and prospects to increased buying. ● Without obligation, a representative will prove in your own office that you can *make money and save money* with Addressograph and Multigraph.

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When writing to ADDRESSOGRAPH-MULTIGRAPH CORPORATION please mention Nation's Business



Where to look for that new and better product

A search through the idea file has resulted in an improved product and increased sales for many manufacturers. The rediscovery of a clipped advertisement or a booklet describing Bakelite Materials has often proved the solution to the perplexing problems of how to increase a product's attractiveness and utility and to simplify its design and manufacture.

No one can deny the sales appeal of compactness and neatness, or of rich color, or of lustrous finish, increased strength, resistance to corrosion, and light weight. To gain these advantages, it is necessary only to re-design your product using Bakelite Materials.

The trade name Bakelite represents not just one material, but many. There are Bakelite Laminated, Bakelite Varnishes, Lacquers of the baking type, and many forms of Bakelite Molded. There is a Bakelite Material suited to

your need, and there is but one source of supply, Bakelite Corporation.

Write for our Booklets 1M, "Bakelite Molded", 1L, "Bakelite Laminated" and 1V, "Bakelite Varnish" and you won't have to hunt through your files for the solution to your design problem. These booklets will give you full information about these materials and their properties. Do not hesitate to call upon us for assistance.



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The registered trade marks shown above distinguish materials manufactured by Bakelite Corporation. Under the capital "B" is the



numerical sign for identity, or unlimited quantity. It symbolizes the infinite number of present and future uses of Bakelite Corporation's products.

THE MATERIAL OF A THOUSAND USES

When writing to BAKELITE CORPORATION please mention Nation's Business

Cooperation Cuts Down Surplus

RECENT developments between the peach growers and canners indicate that the peach may set an example for this country's industries. The trouble in many industries, is, admittedly, overproduction. This was the case with peaches and a cure was sought.

Peach orchards in this country have been developed on a gigantic scale. People like fresh peaches but since these are available in most sections during only a few weeks thousands of tons of peaches are canned.

But, just as there is a time limit to the consumption of fresh peaches, there is an economic limit to the consumption of canned peaches.

Eliminating the surplus

THE peach growers and canners of California planned to purge their industry of some 80,000 tons of permanent surplus. They proposed to yank out 12,000 acres of trees by the roots, which means something over 800,000 trees, and they are doing it. The final totals on peach tree removal contracts received by the Cling Peach Control Committee last year were for 6,711 acres. The word "contracts" is used advisedly, since the plan of the Committee comprised paying a bonus to growers who would pull out trees. The plan worked like this:

The grower was paid \$20 a ton for No. 1 fruit. Out of that \$20, about \$5.50 was set aside for control operations. Out of this control fund, \$2.50 a ton was paid to owners who uprooted unprofitable "marginal" orchards. It cost about \$12.50 an acre to clear the land, pull up and burn the stumps, and the \$2.50 paid the cost.

Also out of the control fund the entire surplus for the 1931 season, which was larger than usual because of the big carryover from 1930 in canned fruits, was purchased on the trees at a minimum of \$5.00 a ton. The grower who uprooted trees got the same \$5.00, too, making his total compensation at least \$7.50 a ton.

As a result, although the acreage of the orchards which were uprooted was not up to the original estimate, the peach industry is certainly a long step nearer stabilization. It is probable that this year both growers and canners will be able to command a fair price for their crops and products. And this long step was taken by means of cooperation.

SUCH SPEED WAS UNHEARD OF . . . SO HE PUT OUT THE FIRE!



The year 1832. A train carrying a special Presidential message to Baltimore. Faster and faster it roared along. Now it had reached a speed of thirty miles an hour. Suddenly a hiss, a jolt. The train stopped. The fireman, frightened at such speed, had put out the fire!

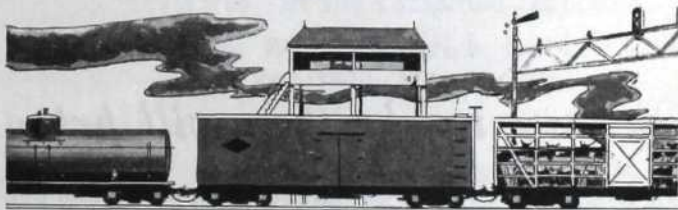
TIMES HAVE CHANGED since firemen put out fires because thirty miles an hour was too fast. Today's railroad is the most efficient mode of transportation ever devised by man. Although generally we think of this efficiency in terms of passenger service, the greatest contribution the railroad has made is its economical handling of freight.

Thousands of freight trains roar through the night. One brings your morning milk. Another carries fresh fruits and vegetables. Still others bring clothing and building material. These essentials of life must arrive on time.

Were it not for railroad transportation we would live in a different world. Our fruits and vegetables would have to be gathered from nearby orchards and farms. Indispensable drugs would not be available at the corner pharmacy. Part of our cities would be turned into dairy lots and grazing lands. Our modern industrial structure would crumble.

Supplementing the railroad, and helping it maintain

its high efficiency is the General American Tank Car Corporation. Most railroads maintain only sufficient special cars (such as refrigerator and tank) for their daily requirements. At peak seasons, when additional equipment is necessary, they obtain extra cars from General American. These cars are leased first to one road and then to another—thus enabling General American to operate its fleet economically throughout the year. In this way General American assists the railroads—helping them to render the most efficient transportation service ever devised by man. Address *Continental Illinois Bank Building, Chicago, Illinois.*



GENERAL AMERICAN TANK CAR CORPORATION

BUILDERS OF ALL TYPES OF RAILROAD FREIGHT CARS

When writing to GENERAL AMERICAN TANK CAR CORPORATION please mention Nation's Business

Goodrich *slashes* THE NEW SILVER

A Tougher, 15% Deeper, All Service Tread

ADDS 22% MORE MILEAGE

Cross section of the New Heavy Duty tread . . . *measuring 15% deeper*. A tougher tread compound eliminates cutting and chipping — reduces tread wear 21%. In fast or slow service, in all types of hauling this tread will stand the gaff — give thousands of additional, safe, trouble-free miles.

Better Grip on the Road

IMPROVES TRACTION AND BRAKING

Exact dynamometer tests prove greater resistance to skidding. A truck equipped with these new tires will come to a safe stop at (A) . . . with another well-known standard tire it stops at (B) . . . *as much as 27% greater braking control!* Husky double cleats of tough rubber and 22% greater road contact area insure this positive road grip for the life of the tire.

Maximum Flexibility and Cushion

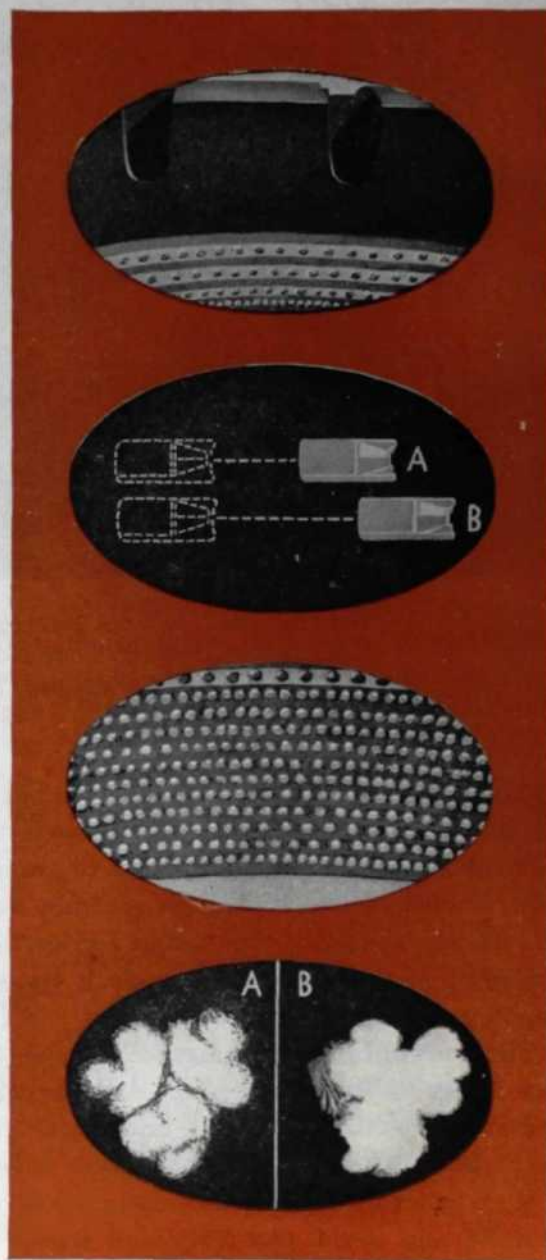
GREATER PROTECTION TO LOAD

"Full Floating" weftless cords in 22% heavier gum fillings and an improved, heavily insulated double cord breaker absorb sharp road blows and materially reduce tire strain. An improved center flexibility action gives better distribution of the load. Thus the new Goodrich Truck Tire insures easier riding — greater protection to load and truck.

Stronger, Thicker Carcass

MINIMIZES PUNCTURE—BLOW-OUT HAZARDS

Microphotograph (A) shows cross section of cord in the new Goodrich Truck Tire. Note the rubber particles in the very heart of the cord. *Each cord is impregnated with a high-grade rubber compound under pressure of 250 pounds per square inch* — thus Goodrich gives you protection against the internal heat and friction that produce premature tire failures. Microphotograph (B) shows cross section of cord in an ordinary truck tire — *no rubber inside it*.



On your trucks they will bring these POSITIVE savings . . .

Lower tire costs per mile . . . Fewer blow-outs and punctures . . . Greater pay load capacity . . . Higher speeds . . . Fewer repairs . . . Fewer delivery delays . . . Reduced gas and oil consumption . . . Added safety — better traction, braking . . . Longer truck life . . . A widened trading area . . . Lower driver-labor cost per ton . . . Lower insurance rates on load breakage . . . Lower license fees in many states . . . Fewer repairs on tread and sidewalls . . . Less heating up of tires . . . Increased tire mileage . . . Longer life of inner tubes . . . Increased trade-in value of trucks . . . More trips per day . . . Improved comfort of drivers.

trucking costs with **TOWN TRUCK TIRE**

New

Three Years in the Making
—1,257,000 test-miles

THREE years ago Goodrich saw developing the need for a stronger, safer, more efficient truck tire. A tire geared for greater speeds — longer, harder runs — quick stops — slippery streets — congested traffic.

Goodrich went to work. Eighteen types of experimental tires were produced — run 1,257,000 test-miles on cars of the Goodrich Silver Fleet.

The result is a tire that will deliver MORE miles, FASTER miles, SAFER miles, CHEAPER miles, than any truck tire ever before built . . . the new Goodrich Silvertown Truck Balloon!

To get the facts on how this new-style truck tire can lower your operating costs — phone your nearest Goodrich Distributor. He's listed under "Tires" in the Classified Directory.

The B. F. Goodrich Rubber Company, Est. 1870, Akron, Ohio.

Goodrich *Truck* **Balloons**

Another B. F. Goodrich Product

32,000 RUBBER ARTICLES representing more than a thousand distinct rubber products—Goodrich Silvertowns
Zippers • Rubber Footwear • Drug Sundries • Soles • Heels • Hose • Belting • Packing • Molded and Hard Rubber Goods

When calling a Goodrich dealer please mention Nation's Business

Build a Program of Insurance as you would build a house —to shelter your family

Metropolitan Life's contracts
afford a means to

- create estates and incomes for families
- pay off mortgages
- educate children
- provide income in the event of retirement
- establish business credits
- stabilize business organizations by indemnifying them against the loss of key-men
- provide group protection for employees covering accident, sickness, old age and death
- provide income on account of disability resulting from personal accident or sickness.

Metropolitan policies on individual lives, in various departments, range from \$1,000 up to \$500,000 or more, and from \$1,000 down to \$100 or less—premiums payable at convenient periods.

The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.



© 1932 M. L. I. CO.

PERHAPS, like many another man, when you bought your first life insurance policy you had the satisfaction of feeling that you were protecting your family and acquiring your first financial nest-egg.

Nowadays it is customary for far-seeing people to analyze their life insurance needs and provide intelligent protection for their families and themselves. A new way has been found to answer that perplexing question, "How much insurance do I really need?"

You can now build a Program of Life Insurance as you would build a house—first sketching out your needs and then building according to those plans.

It is so simple.

Set down on a piece of paper in the order of their importance,

your personal obligations and financial ambitions.

What would be the smallest lump sum that you would need to leave for immediate family expenses and for the payment of debts? What would be the very least that you would want to provide as a monthly income for your family?

What would be the probable cost of giving your children their needed education? What monthly income would you like to have yourself when you reach retirement age?

A Metropolitan Field-Man will be glad to discuss with you what part of your program can be begun now. He will help you plan your Insurance Program and show you how you can realize your hopes and turn your dreams into realities.



Regarding Insurance in any amount, consult a Metropolitan Field-Man or write to

METROPOLITAN LIFE INSURANCE COMPANY

FREDERICK H. ECKER, PRESIDENT • • • ONE MADISON AVE., NEW YORK, N. Y.

When writing to METROPOLITAN LIFE INSURANCE COMPANY please mention Nation's Business

Yours Received and Contents Noted

Some Readers' Views on Current Topics

The average man's view

TO THE EDITOR:

Although there is no dearth of proposed cures for our present economic ills, the average man is confused.

He sits by his radio and hears a prominent statesman proclaim the virtue of "Government Ownership" and is perplexed at the statesman's failure to explain why government employees would be more industrious, intelligent and honest than non-government employees.

He reads a magazine article by a self-styled economist who says our troubles can be directly traced to overproduction.

In despair, he turns to the daily paper and finds headlines calling for food relief.

He goes into the country and finds barns filled with food and farm dwelling houses, barns and storehouses in bad repair. These conditions make him wonder if the farmers, with surplus food, and the hungry artisans know of each other's needs, if the thought of barter has occurred to them?

He returns to his radio and hears a speaker declare that the need of the hour is "additional money." This prompts him to ponder the source of money. He takes a bill from his pocket and discovers that it is a Federal Reserve note, which recalls that he has heard that the basic value of this bill is produced goods that originated out of materials and services.

He concludes that if something bearing the semblance of money is a requisite for the exchange of goods and services, farmers might prepare due bills, redeemable in meat, butter, eggs, vegetables, corn, wheat, etc., which could be exchanged for labor. Of course, he recognizes that the scope of such a scheme is limited to the farmer's ability to redeem his bills at face value. Furthermore, an extension of the scheme produces complexity; so he resolves to send out invitations to the farmer, the banker, the miller, the baker to assemble at the schoolhouse where they will likely find an American history from which they can refresh their memories on barter, and then on convenient scraps of paper enumerate a list of their respective pressing needs, and exchange lists.

Yes, he realizes that this meeting will not banish the depression, but he believes it will put in motion an exchange of goods and services that will restore normal business.

C. E. FORD
2315 Jefferson Avenue
Norwood, Ohio

Praise for Sir Ernest Benn

TO THE EDITOR:

I would be very glad if every business man and every politician would read and ponder Sir Ernest J. P. Benn's article, "What Brought England to Her Knees," in your December number. England may

profit by her experience of the past 30 years, and I hope she will, but the United States is headed in the same direction, and unless our cost of government, local, state and national, can be materially reduced, we will be on our knees in less than 15 years.

We need more sound business and less politics in our government affairs.

W. S. HADLEY
Retired Banker
Wichita, Kansas

A thought on retrenchment

TO THE EDITOR:

There is a great business in this country—which is running behind more than any other. If it were a private business one might suppose that it was ready for a receivership. Some study has been given to ways of assisting the business but so far I have seen no move by the executives toward wage reductions.

I refer to our national, state, town, municipal and county governments. It would seem that our politicians can only think of burdening business and the taxpayer with additional levies regardless of a mounting deficit. If the purchasing power of the dollar has increased during this depression is it not equivalent to a raise for all of these government employees?

It would be interesting to see how much of a cut could be made in the estimated deficit by a ten per cent reduction from top to bottom in the pay of said employees. There is no apparent reason why all classes of workers should receive less remuneration while the government employees make no sacrifices.

HAROLD A. WILCOX
Webster, Mass.

Contractors' "profits"

TO THE EDITOR:

The Government is spending millions of dollars in new building construction with the hope that it will relieve unemployment and make business better. It is true that every contract the Government awards does tend to relieve the unemployment situation somewhat, but it is doubtful whether it is helping business conditions.

I know of one government job where a general contractor, arriving at the net cost of the job, which was \$575,000 before any overhead and profit had been added, pared down his sub-contractors' estimates \$46,000 without consulting them. This amount he subtracted from his net cost and that was his bid. No overhead, no profit. This meant that he had to save \$46,000 in his buying before he could show any profit. The surprising feature was that his bid was beaten \$75,000.

An estimator for a large plumbing and heating contractor in Philadelphia told me

recently that his firm is bidding on work at absolute cost, and sometimes below cost, and they are getting no business. This condition is also true on private work.

Now if the Government would assert its prerogative of accepting the lowest responsible bids, determine the responsibility of the bids from their own estimate or accept the mean average low bid, it would mean that the contractor getting a contract would be able to make some money and it would certainly help to stabilize business and end depression.

CHAS. J. MCCARTHY
Plumbing and Heating Contractor
Philadelphia, Pa.

Time to act

TO THE EDITOR:

It is more than important—it is a real necessity that business men take a more active part in legislative measures as proposed in Congress.

But I wonder how much active cooperation is really given by members of the Chamber of Commerce in such matters.

Unless they are far different from those of many organizations with which I have been associated, the percentage who will act against proposed legislation is small.

I know that in meetings strong resolutions will be passed and every one will agree that personal, individual action is imperative. But generally only a few will make good their intentions.

Representative Snell, minority floor leader of the House, recently said that Congress tries to do what the people want done—he was giving that as the reason why so many appropriations were enacted that business men later protest—but their protests usually come after the mischief is already done.

Certainly now is the time for every business man to let his congressmen know his wishes relative to the various forms of legislative relief, bonding and financial schemes, old-age pensions, unemployment insurance, and other welfare (so-called) plans designed more and more to place government control in effect in every activity.

The need for business men to express themselves frequently and forcibly to members of Congress was never so great. But how to get them to still remains the great problem.

T. M. SHEARMAN

Solving the war debt problem

TO THE EDITOR:

I offer a possible solution of the reparations and war debt problem that would lift this country out of depression, cut the vicious circle of contention, and restore confidence, credit and the spirit of fair-play among nations. It is:

That no reparation monies due this coun-

WIRE ROPE MAY BE COSTING YOU TOO MUCH MONEY..

THOUSANDS
OF TRU-LAY USERS ARE
SAVING WIRE ROPE MONEY



**255%
INCREASED
SERVICE**

32 months service with Tru-Lay as compared with 9 months service with ordinary (non-preformed) wire rope — on a Gantry Crane operated by a New Jersey Lumber Company.

**113%
INCREASED
SERVICE**

A Mining Company in Quebec reports 204,680 tons of rock and waste handled with Tru-Lay—as compared with 95,940 tons with ordinary (non-preformed) wire rope.



**104%
INCREASED
SERVICE**

Rotary Drilling is a severe test of wire rope. An Oklahoma Drilling Company reports 10,000 feet drilled with Tru-Lay, 4,900 feet with ordinary (non-preformed) wire rope.

**133%
INCREASED
SERVICE**

Ordinary (non-preformed) wire rope averaged, in this New York Office Building, 12 months of service. The first Tru-Lay Rope was installed during November, 1925. After 28 months of service the rope was removed for inspection. All of the wires were found in excellent condition. The test for strength was 19,500 lbs. as against a catalogue strength of 19,000 lbs.

These are a few recent service reports, chosen at random from our files. Names will be given upon request.



YOU CAN GET 30% TO 300% INCREASED SERVICE WITH TRU-LAY

■ "All wire rope is alike" no longer serves as a buying guide. Industry is checking up on wire rope value... on work delivered per dollar. This is the reason for the almost universal acceptance of Tru-Lay Preformed Wire Rope.

Increased service of 30% to 300% with Tru-Lay Preformed Wire Rope is backed up by facts... by voluntary service reports covering nearly every operating use. The amount of increased service depends upon the type of equipment and nature of the service.

THE REASON IS ELIMINATION OF INTERNAL STRESS

**HOLD YOUR HANDS
LIKE THIS . . .**

Hold your hands in this position. Note how lightly your fingers rest against each other. This demonstrates how Tru-Lay strands and wires rest against each other... without straightening out effort and without internal stress.



Internal stress in wire rope causes early fatigue and premature failure. In Tru-Lay Preformed Wire Rope internal stress is eliminated because wires and strands are helically shaped, so they fit naturally and unstressed. They lie in position relaxed so that each wire and strand is free to carry its share of the load.

Wires and strands of ordinary (non-preformed) wire rope are held in position—under force. That is why you have to seize the end to prevent the wires and strands from straightening out and flying apart as the internal stress is released.

Tru-Lay is easier to handle, resists kinking and wraps snugly on the drum or sheave groove. Write, without obligation, for complete facts about Tru-Lay Preformed Wire Rope.

**SEND FOR THIS
COMPLETE
STORY . . .**

Let us send you, or the man in your organization responsible for wire rope costs, a copy of "Why Preformed Wire Rope." Write for it on your business letterhead.



AMERICAN CABLE COMPANY, Inc.
230 Park Avenue District Offices: NEW YORK CITY
Atlanta, Chicago, Detroit, Philadelphia, Pittsburgh, Denver, Tulsa, San Francisco

The following Canadian Manufacturers have been licensed to manufacture Preformed Wire Rope under the American Cable Company's Patents:
Dominion Wire Rope Co., Ltd. Canada Wire & Cable Co., Ltd.
Anglo-Canadian Wire Rope Co., Ltd. B. Greening Wire Co., Ltd.



An Associate Company of the American Chain Company, Inc.

TRU-LAY PREFORMED WIRE ROPE

30% to 300% Increased Service [Depending on the nature of service and type of the equipment]

try shall hereafter be paid directly to the Government. That such monies be spent directly by the debtor countries in purchasing our manufactured products, allocating to each industry its proportion based upon a ten-year previous average of its exports.

Such a plan would start wheels turning again, which, aside from political or economic aspects of the situation, is really all this country cares much about.

GEORGE A. EYER
Eyer & Company
New York City

Starting the new year right

TO THE EDITOR:

This current issue of NATION'S BUSINESS is, to my mind, the very best issue I have read in the whole 18 years.

Your display of purposeful courage in the bombardment of state socialism and its medicine-man bureaucracy will get results. More power to you!

FELIX M. McWHIRTER, President
The Peoples State Bank
Indianapolis, Ind.

A thought for retailers

TO THE EDITOR:

We have been much interested in your series of articles on Popular Fallacies, and want to congratulate you on the constructive work you are doing.

We should like to call your attention to a condition which applies especially in these times in regard to the buying of goods made in the United States and goods made in other countries. Leading retail outlets and merchandising institutions should realize that they can do much to bring back better business by closing their outlets to dumpers of foreign products.

HERMAN A. GROTH, Vice President
Wm. H. Rankin Company, Advertising
Chicago, Illinois

He blames the retailer

TO THE EDITOR:

The day of "rule-of-thumb" retailing is gone. Thousands of retailers today are despondently waiting for better times.

In our town, a strictly retail community in direct competition with two large metropolitan centers, we have attempted to analyze conditions. We believe we can prove conclusively that the average retailer is at least 50 per cent to blame for present conditions.

The customer of today has a far greater knowledge of merchandise than has the retailer who is selling it. Yet in 50 stores we recently visited, 80 per cent of the salespeople were waiting for something to happen instead of studying their merchandise. An eminent retail authority recently analyzed about 200 salespeople in an average town and declared 75 per cent were misfits in the retail field.

National advertising, magazine articles, radio and many other sources of information have educated the consumer to such an extent that a well-known authority has said, "It will be five years before the retailer has the same knowledge as the customer."

As long as we had a seller's market the retailer was not aware of his weaknesses. Consequently only a handful of the larger retail institutions attempted to train themselves and their employees.

The retailer, from the one-man store to the store employing hundreds, is entirely the master of his own destiny. He must realize that he alone can do more to create a seller's market than all other factors put together. Let us see what he must do.

1. Hire only those who can qualify; set up higher standards.

2. Have a constant, definite program for training employees in merchandising and salesmanship.

3. Study constantly ad writing and window trimming.

4. Adopt a full-fledged credit policy and adhere to it.

5. Increase accounts receivable turn-over.

6. Increase merchandise turn-over.

7. Increase service.

8. Turn on the lights in order that he may find his shortcomings before his customers find them and that employees may intelligently study their merchandise.

The entire secret of the retailer catching up with the customer's knowledge lies in the ability of merchants to get together to study the complexities of present-day retailing and to educate their employees.

EDWIN J. MACEWAN, Secretary
Morristown Chamber of Commerce
Morristown, New Jersey

A reply to Mr. Adams

TO THE EDITOR:

In reply to Mr. Adams' letter in NATION'S BUSINESS for December:

We would be in quite a pickle if the independent stores would demand cash, like the chains. We independents give our life-long customers credit, thereby losing considerable by collections. Not only that but those customers demand that we sell on the same small margin as the chain. That is why these outsiders should be taxed by the state. They fool the people by their leaders and get the business, too, by the low prices. They are causing the widow around the corner to go begging, by closing her up. Then they call it efficiency. That is the patent right the chain refers to, fooling the credulous people.

Like everything else, money talks. Big corporations have no soul, pardon me, not all corporations. Some do a very nice thing for their employees.

The chains won't sell ten cents' worth on credit and are supported by outside capital entirely while we independents build up our home community.

GEO. W. SOHN
General Merchandise
Henryville, Indiana

Another reply

TO THE EDITOR:

May I reply to Charles F. Adams' letter in the December issue, "Baiting Big Business."

He claims he is in a "fair" position to compare chain business with independent merchants' business, then he states he has had no connection with independent methods for 25 years. Does he think the

THE MOST IMPORTANT EQUIPMENT
IN ANY PLACE OF BUSINESS AFTER
CLOSING HOURS IS THE SYSTEM
THAT CHECKS THE WATCHMAN

TIME CHANGES



Check on
possibility of
savings by
the use of
Watchman's
Clocks

ECONOMY IN 1932

A Detex System will be low in first cost, the total depending upon the number of stations required. Detex Key Registering Clocks will handle 1 to 32 stations per clock. The Detex Patrol's capacity is unlimited — any number that a watchman can cover.

The savings in insurance will usually recover the cost of the system the first year.

The operating and maintenance cost will be low.

Your insurance broker or rating board can give you the information as to the possibility of rate reductions. Complete information on the Detex Watchclock System will be sent on request.

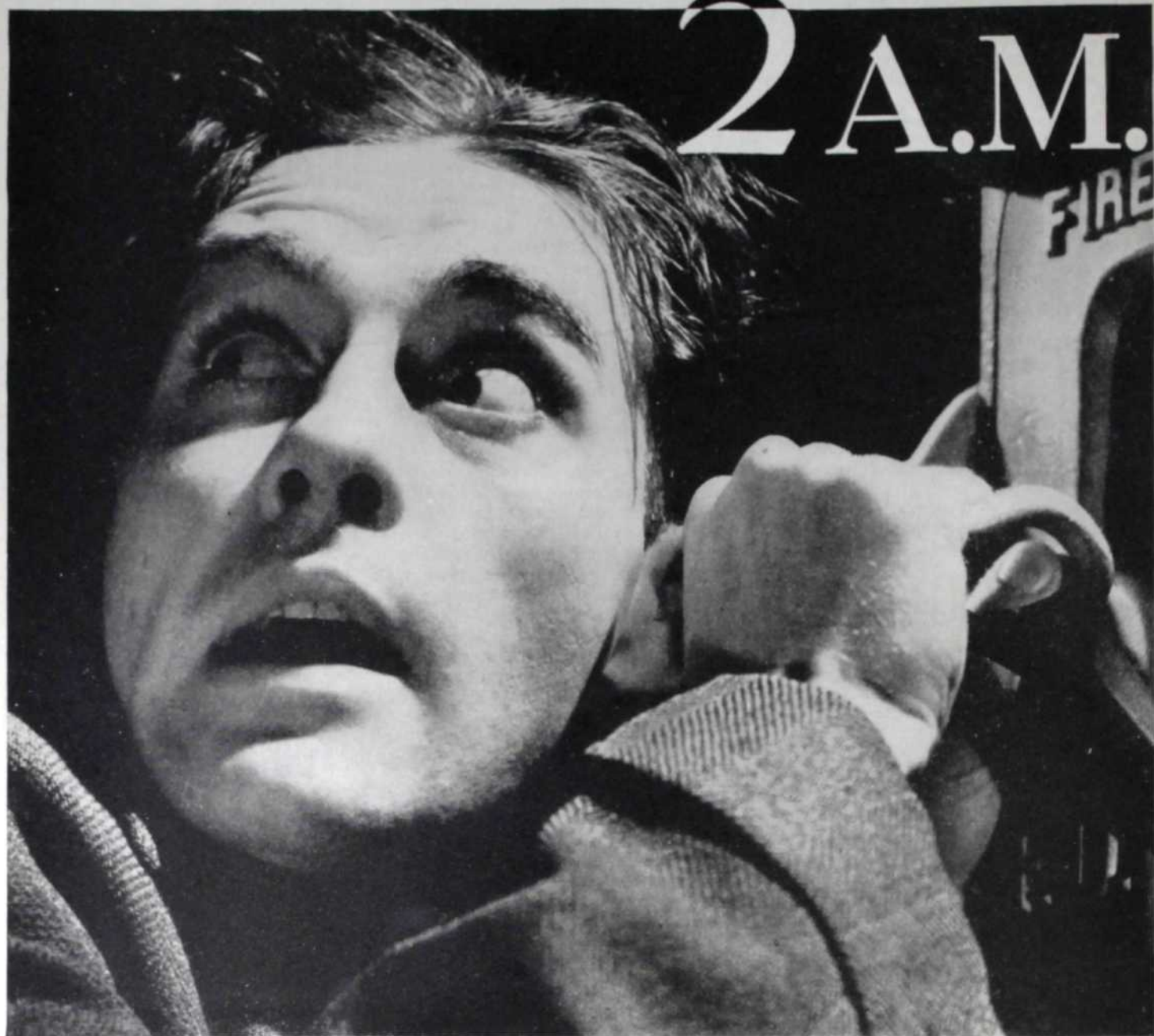
DETEX WATCHCLOCK CORPORATION

4153 Ravenswood Avenue, Chicago, Ill.
29 Beach St., Boston 80 Varick St., N. Y.
Room 800, 116 Marietta St., Atlanta

NB-3

DETEX

Representatives in all large cities in America and abroad
When writing please mention Nation's Business



What do the FIRE CHIEFS say?

"When I built my own home in this city, your asbestos shingles were used. They are great in reducing the loss caused by fires on roofs."

B. L. WARLICK
Fire Chief, Jackson, Tenn.

"Many disastrous fires have been prevented by the proper use of incombustible roofing materials as they reduce to a minimum exposures from adjoining buildings."

G. E. RENKEN
Fire Chief, Laredo, Texas

"Asbestos Shingles hold fire



losses to a minimum and unquestionably form the best type of roofing."

C. L. INGRAM
Fire Chief, Montgomery, Ala.

"If every home owner could just have a little experience in the Fire Dept., he would prefer J-M Asbestos Shingles to any other roofing. They are absolutely a safeguard against the great fire waste of the country."

J. E. PORTER
Fire Chief, Thomasville, Ga.

"I've my first fire call to make where Asbestos Shingles were

used. In my opinion, Johns-Manville Roofings have solved America's roof fire hazards."

LOUIS R. GROBMYER, JR.
Fire Chief, Forest City, Ark.

"If the cities were to pass an ordinance making it compulsory to put on fireproof roofs, it would not be necessary to call out additional fire apparatus to patrol the territory during a large fire, looking for roof fires."

F. C. SEIBERT
Fire Chief, Houston, Texas

"During the recent 3 months' drought, our fire losses would have been more than double what they were had it not been

for fireproof roofing on the homes of people of this city. Thanks to Johns-Manville."

GEO. ALFORD
Fire Chief, Pine Bluff, Ark.

"This Department recommends the use of Asbestos Shingles."

GEO. HOHERD
Fire Chief, Temple, Texas

"Fire-resisting roofing should be used on all buildings in the corporate limits of all cities."

S. T. GREEN
Fire Chief, Gadsden, Ala.

"Asbestos Shingles form a superior type of roofing in every respect."

A. MCC. MARSH
Fire Chief, Columbia, S. C.

When writing to JOHNS-MANVILLE

—your turn next?

23% of all residential fires start on ROOFS.

J-M Asbestos Shingles wipe out this constant menace—give permanent FIRE PROTECTION to thousands of home owners

NIGHT . . . darkness . . . stillness. You awake from a sound sleep—with a start! Is anything wrong? What's that? Smoke! Something's burning. FIRE—FIRE!! Your house is on fire. Quick—the children—the alarm. Quick!!

It takes little imagination to see the horror, the grim tragedy in any situation like this—far less if it actually happened to you, to *your* family. And it might.

It is estimated that fire losses in 1930 amounted to \$499,739,132—that 10,000 persons burn to death every year. Of the huge annual toll of residential fires, 23% start unnecessarily on ROOFS—could have been prevented.

Over a period of years, Johns-Man-

ville has advocated the use of the Rigid Asbestos Shingle—fireproof, inexpensive, everlasting. Fire chiefs have endorsed it, city councils have approved it, thousands upon thousands of home owners have been given permanent protection against FIRE because of it.

Now, for as little as \$19.50 down—the balance in twelve easy monthly payments, you can have a genuine J-M Asbestos Shingle Roof on *your* house.

You will not only have a roof to protect you from fire, but one which will defy rain, snow, wind and sun for years without upkeep expense. You will have a roof of beauty, in keeping with the architectural style of your house.

Telephone the J-M Dealer. Ask him to come and give your roof a thorough inspection—*free*. If you do not know the J-M Dealer, write direct to Johns-Manville, 292 Madison Ave., New York City.

Not even the fury of the BLOW TORCH

Here's evidence—positive evidence of the 100% fireproofness of the J-M Rigid Asbestos Shingle.

Not even the fury of the blow torch can set fire to these shingles. Made of asbestos fibres and Portland cement, combined under great pressure, they form a roof that is everlasting, rot-proof, non-curling, beautiful, as well as *fireproof!*

For every type of service—homes, plants, buildings, the wide range of J-M Roofs (Rigid Asbestos Shingles, Flexible Asphalt Shingles, Salem Roofs, Built-up Roofing, Transite) offers protection against *fire* and weather, assures low upkeep cost and absolute satisfaction.

Johns-Manville



Controls

HEAT, COLD, SOUND, MOTION

Protects against

FIRE AND WEATHER

HOT DIPPED Metallic Coatings

Hackney Containers are galvanized, tinned, or terne coated, by the *hot dip* process — after the container is completely made up. All work is done in the Hackney plant.

Every item in the long Hackney line of containers for gases, liquids and solids, is built with the skill gained in 30 years experience.

Time and again, spe-



Hackney Removable Head Seamless Barrel — with new Toggle-tite Closure, that permits faster opening and closing, and needs no tools. Cadmium plated.

cialized needs have been correctly answered with a container designed by Hackney. This wide application has included the use of many types of metals and alloys.

Many important companies are using Hackney Barrels, Drums, Cylinders, Tanks and Special Shapes. Lowered costs and better results are obtained. Write for the facts.

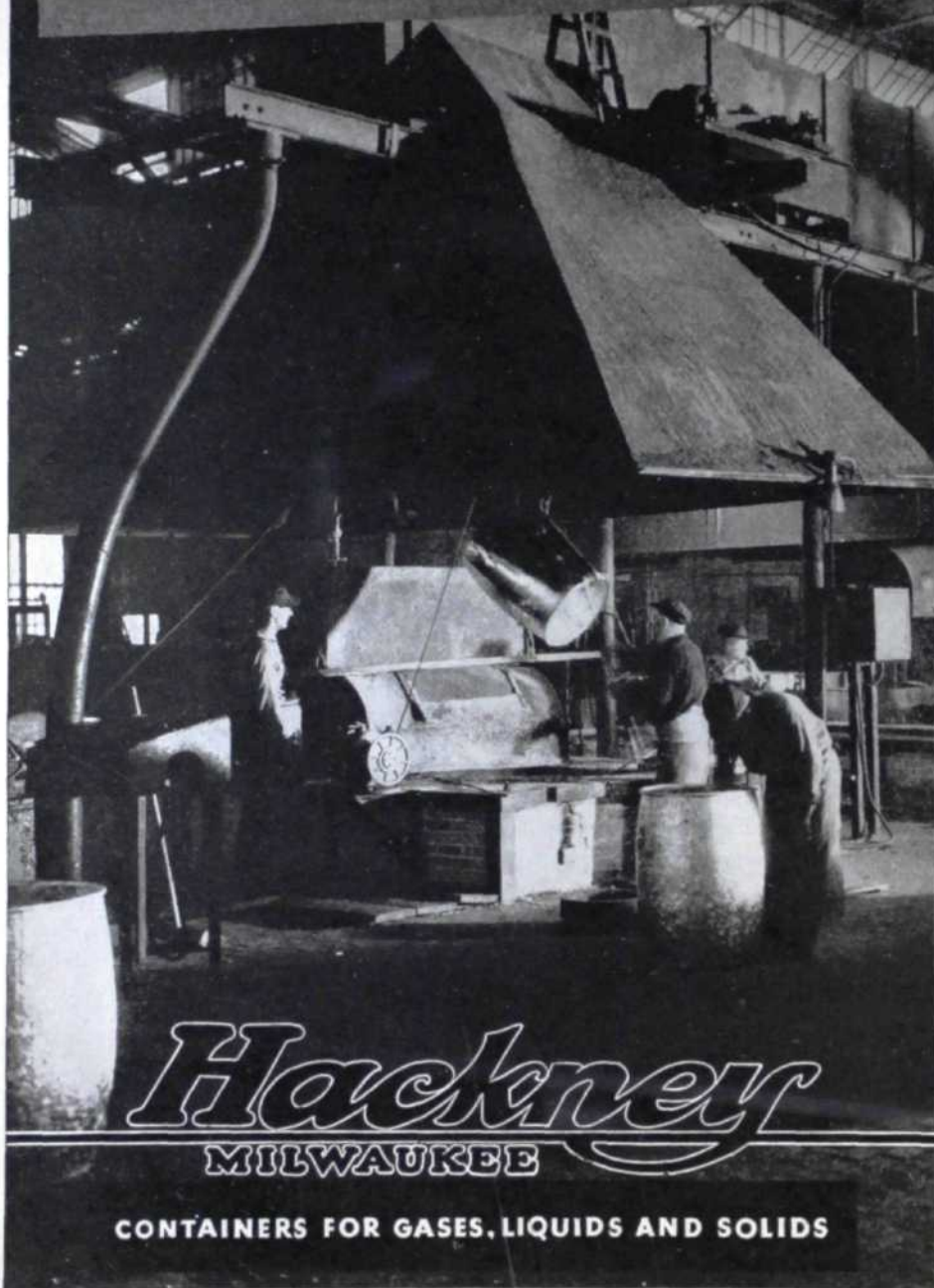
PRESSED STEEL TANK COMPANY

1179 Central Republic Bank Bldg., Chicago, Ill.

1355 Vanderbilt Concourse Bldg., New York

6613 Greenfield Ave., Milwaukee, Wis.

487 Roosevelt Bldg., Los Angeles, Cal.



CONTAINERS FOR GASES, LIQUIDS AND SOLIDS

When writing to PRESSED STEEL TANK COMPANY please mention Nation's Business

independents are continuing in the same rut they were 25 years ago? If the chain-store idea has made such inroads in this field in the past 25 years, why is it that today they do only 22 per cent of the nation's retail business? The chains, so he says, are a real blessing to the poor. Let's read the facts in St. Louis. The Provident Association takes care of the poor people there from public subscription. The report published November 28 shows the Association spent \$300,000 for relief work; food purchased from the chain stores, 502 stores, totalled \$109,000.

The 1929 report shows that the largest food chain in St. Louis contributed \$173.05 for its 400 stores, an average of 43 cents per store, "including employees" or about eight cents per employee. Now isn't that a great blessing to the poor? On the other hand, for that liberal donation, the Association spent with each unit of this chain store \$106 for the 43 cents they received. What a blessing!

Why doesn't Mr. Adams compare taxes paid by some of his chain stores against a similar independent store of the same town and size? I will allow him to name the store, and see who pays the taxes.

As independents, in this location ten years, we operate with a gross profit of 12.5 per cent; our operating expense is 6.15 per cent. Does Mr. Adams know of any chain-store manager who can equal or better this?

If he does I will gladly pay such a manager \$250 a month for his service, and add a substantial bonus if he increases the net profit. The only request I would make is that his work must be done in six nine-hour days each week. We do not allow our help to work after six p.m. any day, and no Sunday work.

We will gladly compare our salary account and our charity account and taxes paid with any chain-store unit.

We do not spend \$517 a year to advertise loss leaders.

R. M. EDWARDS

*Edwards Grocery and Market
Socorro, N. Mex.*

Our loans to the Allies

TO THE EDITOR:

In all the discussions of the war debts it seems to me that one point is overlooked—we loaned our allies commodities not dollars. These commodities were charged up on our ledgers on exceedingly high prices.

We were told to pack all the corned beef we could in 12-ounce tins for army use. One week we would ship 5,000 cases to the United States naval base at Norfolk, charging the goods against the War Department. The next week we would ship 5,000 cases to New York and charge the British Ministry of Food.

Both shipments were to feed soldiers in France and both were equally necessary to win the war; but, in one case, the 5,000 cases are part of the United States debt, and in the other, the 5,000 cases are part of the British debt to the United States.

Now we ask them to pay their debts but we refuse to accept payment in commodities. After all, we loaned them commodities and not dollars.

GEORGE MARPLES

*The Cudahy Packing Co.,
Chicago, Illinois*

Announcing the NEW INTERNATIONALS

Models A-7 and A-8

POWERFUL
MODERN
FAST
BIG



TWO new Internationals are now available—Heavy-Duty Models A-7 and A-8. Big, yet fast! Powerful, yet unusually easy to handle. They are Harvester's answer to present-day demands for moving heavy loads with speed and unfailing dependability!

These two new Internationals are built in 160, 180, 200 and 225-inch wheelbases. They are adaptable for dump and tractor-trailer service and the heaviest kind of cross-country hauling. Cross-continent hauling, for that matter, for they have at their service the largest company-owned truck service organization in the world.

The engines of both these new models are 6-cylinder, valve-in-head

type, with removable cylinders—an International feature that makes for remarkably low maintenance cost!

There are five speeds forward—two reverse.

There are four rear springs instead of the conventional two. These are of dual, semi-elliptic type, one mounted above and one below the rear axle on each side—assuring improved cushioning, and greater strength to absorb the enormous torque and driving stresses of the rear axle.

See the Models A-7 and A-8 now. Have the nearest International showroom arrange a demonstration. In no other way can you get a true picture of the new truck-value these two new trucks represent!

INTERNATIONAL HARVESTER COMPANY

606 S. Michigan Ave.

OF AMERICA
(INCORPORATED)

Chicago, Illinois

Models A-7 and A-8 Features

Rated Capacity: (Both A-7 and A-8) 5 tons. Maximum Capacity, including cab, body, equipment, and payload: 24,000 pounds.

Wheelbases: 160, 180, 200, and 225 inches.

Engine: Both models, 6-cylinder valve-in-head type. Model A-7, 4½-inch bore x 5½-inch stroke. Model A-8, 5-inch bore x 5½-inch stroke. Engine features include removable cylinders, full pressure lubrication, oil filter, oil-type air cleaner, fuel pump, and downdraft carburetion.

Clutch: 15-inch, single-plate type.

Transmission: 5 speeds forward, 2 reverse.

Final Drive: Full-floating double-reduction gear type.

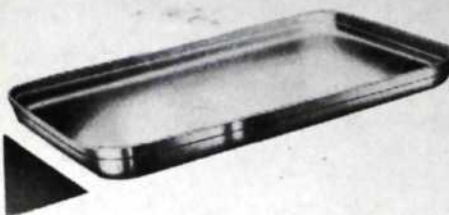
Steering Gear: Irreversible cam-and-lever type.

Springs: Semi-elliptic front and dual semi-elliptic rear.

Brakes: 4-wheel, mechanical, internal-expanding type service brakes with vacuum booster. Ventilated disc type emergency brake on propeller shaft.



INTERNATIONAL TRUCKS



Stainless Steel

This stainless steel sink bottom makes it possible to attach body with seam about an inch above bottom surface so that dirt cannot accumulate in seam. This stainless steel used plus the design add to the cleanliness and sales appeal.

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City..... State.....



The First Step in Reconstruction

(Continued from page 32)

be handled in the investment market. But when the Corporation agreed to take care of the situation in case the investment market and the bankers did not, there was little difficulty and often no call for Corporation funds."

Another portion of Mr. Meyer's testimony explains how the Reconstruction Finance Corporation may improve confidence. Still discussing the War Finance Corporation, he said:

Little money helped many people

"THERE was a small town in the Middle West with three good, strong banks and one bank that was small and weak. As long as that small, weak bank was in danger, the three strong banks would not renew loans if they could help it. They would extend little or no new credit and they pursued a contraction policy in their operations. In 1921 the War Finance Corporation removed this fear. The amount of money required in that particular case was not important. The important thing was that a small amount of money directed to the weak spot released, through the removal of fear from the strong banks, a very large amount of money which otherwise would not have been available.

"When the War Finance Corporation made loans to live stock loan companies, cooperative marketing associations and banks, it set in motion other funds which revolved and liquidated many times that amount of indebtedness."

Deflation is a condition which can just as easily approach the danger point as inflation. Economic stability depends upon maintaining a fair balance in commodity prices, which must show the producer a reasonable profit. When this balance is overthrown in either direction, a situation is created which must be corrected. If the disturbance is not too serious, the correction is often automatic, but, in the present case, the damage has gone so far and lasted so long that an artificial remedy is needed.

Our present ills are largely attributable to the fact that deflation has gone too far. We must take bold steps now to turn the tide in the other direction. There is every reason to believe that, with the turning of the tide, half our problem will be solved. Readjustments, which are now smothered by sinking markets and increasing business failures, can be made.



MAIN BREAK CAUSES FLOOD

Pipe Bursts at Marshall St. and Girard Av., After Truck Passes

The vicinity of Marshall st. and Girard av. was flooded today when a water main burst a moment after a heavy truck passed.

The break occurred in front of the butter and egg store of Mayer Kolman, 1008 N. Marshall st., with a roar that was heard throughout the neighborhood. A small geyser gushed up in the air which made...

BANG!

BUMP!

JAR!



Will YOU Guard the Taxpayer's Dollar from This?

HAMMER, hammer, hammer!—day after day, heavy traffic pounds on city streets, jolting and jarring the pipe under the pavement. Brittle pipe often gives up under such punishment. Brittle pipe often snaps . . . cutting off services, multiplying expense.

Guard the taxpayer's dollar from this, whenever YOU must specify or help to select water works pipe. Choose Reading Puddled Iron Pipe. It has a *tough, fibrous* structure—a structure that defies vibration and metal "fatigue" as does no other pipe material. And in the tests of time it has fully demonstrated its superior resistance to corrosion.

All Reading Pipe is genuine PUDDLED Iron. Nearly a century of actual service has proved its greater endurance. Worthwhile savings may often be effected by its use. Write today for information—our representatives will gladly consult with you.

READING IRON COMPANY, Philadelphia, Pa.

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Since 1836

Science and Invention Have Never Found a Satisfactory Substitute for Genuine Puddled Iron

The Danger of Federal Aid

(Continued from page 20)

greatest vested interest of all time in her unemployment relief.

When England first began to take care of the unemployed, she, like Rome, had no idea that it would lead to the dole. England, as we are doing today in the United States, developed a sloppy sentimentalism—that the State should care for its people.

When old-age pensions were adopted, England took the first step to destroy the foundations of thrift.

Labor exchanges and unemployment insurance were then introduced, on the idea that it was the duty of the State to find its citizens work.

Politicians exclaimed that "we must have a national economic plan." But, in the administration of this plan, they did not reckon with bureaucracy. The few thousand clerks soon became 30,000. And their jobs depended upon the absence of the thing the system was invented to provide—employment.

Vote-catching became the rule, with the bait of insurance benefits. They were called "insurance benefits" as they are in this country, but they were nothing more, and are nothing more than charity, masquerading under a fine, upstanding word which has through the years gained the respect of millions.

We all know the result of England's misguided venture; that, faced with dissolution and revolution, when the mass of people had the opportunity at the polls to speak out, the people themselves, including the workers, registered their contempt for the system.

Too many depend on politics

THE financial prostration of Australia, New Zealand, and Germany provide their own emphatic warnings. A quotation from Hjalmar Schacht, former president of the German Reichsbank, is pertinent here:

"Thirty per cent of the entire industrial population of Germany are today government officials in one form or another.

"The number of business men who *work at their own risk* and of workers who *seek work on their own responsibility* is steadily declining."

The direct federal aid bills before Congress today, if enacted into law, will cause us to run the same course as Rome, England, Germany, New Zealand and Australia. Local self-help will

disappear. Competition between cities and sections and states for larger apportionments will be the order of the day, and the man seeking political office will outbid his opponent in the amount of relief he will bring to his districts from the Federal Government.

A paradox for statesmen

IT IS a lively question how soon some of the ardent champions of states' rights will recognize the political paradox they provide in insisting on federal relief, first, last and all the time. A Senator from the great state of New York, a staunch champion of states' rights when the question relates to liquor, insists that the states cannot possibly take care of the unemployed, and that Washington must take charge at once—before the states and cities have even begun to fail—after they have, in fact, handled the problem through two hard winters, and more than half through the third.

And most vocal of all, perhaps, is the Governor of Pennsylvania, who declares that he is "totally unmoved by frenzied appeals to state pride while people are in want," and he does not "see why it should be more noble for a state to watch its citizens suffer than to ask the nation to relieve them of their suffering."

Over against that official point of view is the evidence that it is deplored in his own state. The Philadelphia *Public Ledger* says the plea is "unworthy of the Governor of this great state," and imputed to the Governor, whether justly or not, the political motive of trying to embarrass the national administration. Mark Sullivan, a dependable observer of national affairs, reports that other sources in Pennsylvania speak caustically of the Governor's use of William Penn's famous hat as a "beggar's tin cup."

Senator Reed of the same state declares that the Governor "does not express the idea of the people of Pennsylvania," that "Pennsylvania is solvent," that "we can handle our local affairs for ourselves," and that "the very self-respect of all the states is at stake."

This point of view may be traceable in part, as another political observer believes, to the unfortunate consequences that came to Arkansas because of the conspicuousness of demands made for money from the Federal Treasury by high officials of that state in 1930. Yet

the justification of Arkansas was infinitely greater than that of Pennsylvania.

Arkansas has suffered locally two extremely severe calamities within three years, a flood and a drought. In addition, Arkansas shared the general distress of business depression. Moreover, Arkansas is not a rich state.

And, although Arkansas acted under the compulsion of real distress, there is some regret that even under such pressure, the State, through its Senators, took the position it did. Here's the way the Topeka (Kansas) *State Journal* viewed the situation:

"As a result of the pictures of bleak misery painted by the political brush wielders, great financial companies withdrew from the state, national advertisers marked it off their lists, and manufacturers insisted on cash with the order."

It is true that the State cannot maintain a hands-off policy with industry in partial collapse and millions of idle men tramping the streets, yet it is also possible to believe that there is a profound difference in programs of unemployment relief which create employment and those which merely support the unemployed in idleness.

Public demoralization

TO acknowledge that Government owes the people a living is at once to abandon the integrity of the State and of its citizens. To yield to political expediency and opportunism will surely invite demoralization not only of the public finances but also of the social conscience of the American people, as the disastrous experience of England should so convincingly admonish us.

The responsibility is immediately upon us to pause and think well before we change the system of individual relief through localities, which has for 150 years preserved the integrity and self-respect of the American individual. The United States has not gone so far on the road to paternalism that it cannot retrace its steps.

It is true that we have put ourselves in a way of departing from the principles of local self-government and a community dealing with community concerns. We must also answer the question of whether we want to widen the gap between those who need and those who give, with the attendant waste of money in the cost of administration and

"Service"

This dairyman deserves the eight years of service rendered by his truck. Somewhere he learned that the service given by a product is closely related to the care given to it. Pictures—photographs reproduced in rotogravure—are ideal means for emphasizing the relation of care and service—such as oiling machines, painting houses, pressing clothes. In days when value—service—is uppermost in your prospects' minds, give life and interest, pictorially, to your sales story.

Use rotogravure.

A sepia-toned photograph of a man wearing a flat cap and a dark jacket, cleaning the hood of a vintage Ford truck. The truck is parked in a barn or workshop, with various wooden structures and equipment visible in the background. The man is using a brush or cloth to clean the front of the vehicle. The truck has a prominent grille and a round headlight.

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R O T O G R A V U R E .

political bargaining. If we give to our local relief organizations, we know how and where the money goes. If we are taxed for aid, we know that the amounts so raised must be divided between government administration costs and relief itself. Moreover, were the Federal Government the administrator, the money would have to be appropriated geographically.

Now it is something of a political axiom that "as the gap widens between those who give and those who need, between those who raise the money and those who hand it out, the proportion devoted to assisting the needy diminishes and the proportion devoted to supporting politicians increases."

This is no theory. It is the hard lesson of national experience which began at the close of the Civil War. We do not need Britain's tutorship to learn about the sorry consequences of the payment of money to individuals by a central government. No student of public policy can escape the conviction that "for 60 years we have struggled with the consequences of federal pensions and bonuses and once the Federal Government begins to pay them, it is subsidizing a political machine which is insatiable and irresistible."

In conflict with democracy

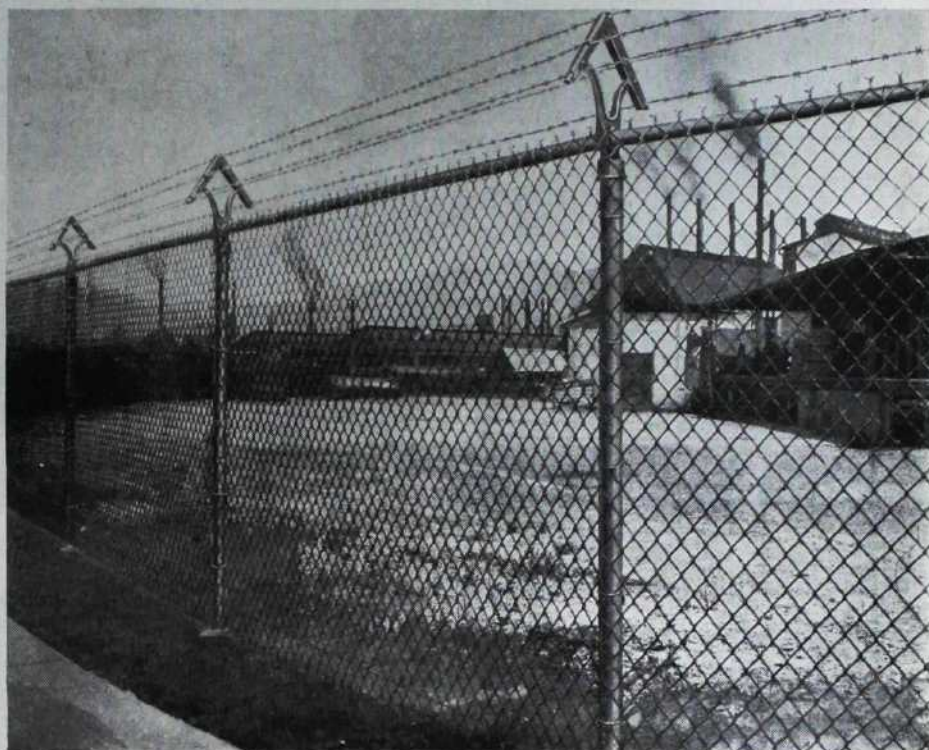
THE proposals to make the national Government a local and state relief organization are political and are in conflict with representative government. The opposition to federal aid is concisely stated by Walter Lippmann, student of government and liberal thinker. Writing in the *New York Herald Tribune* he states his opposition thus:

"The determination not to add a permanent unemployment lobby to the veterans' lobby is not due primarily to the reports of how the British 'dole' works. It is due to our own bitter knowledge of how our own dole has worked for 60 years, and is likely to keep on working for another 60 years. Once you open the doors of the Federal Treasury to payments directly to voters, there is not enough character in the politicians to shut the doors again. They can buy votes lavishly and charge the costs against the unseen taxpayers. This is the deepest kind of corruption to which a nation is subject. For it is the corruption of the electorate itself. Against thieving politicians and crooked business there is always the ultimate defense of an enlightened and aroused electorate. But against a corrupt electorate there is no defense in the normal scheme of popular government."



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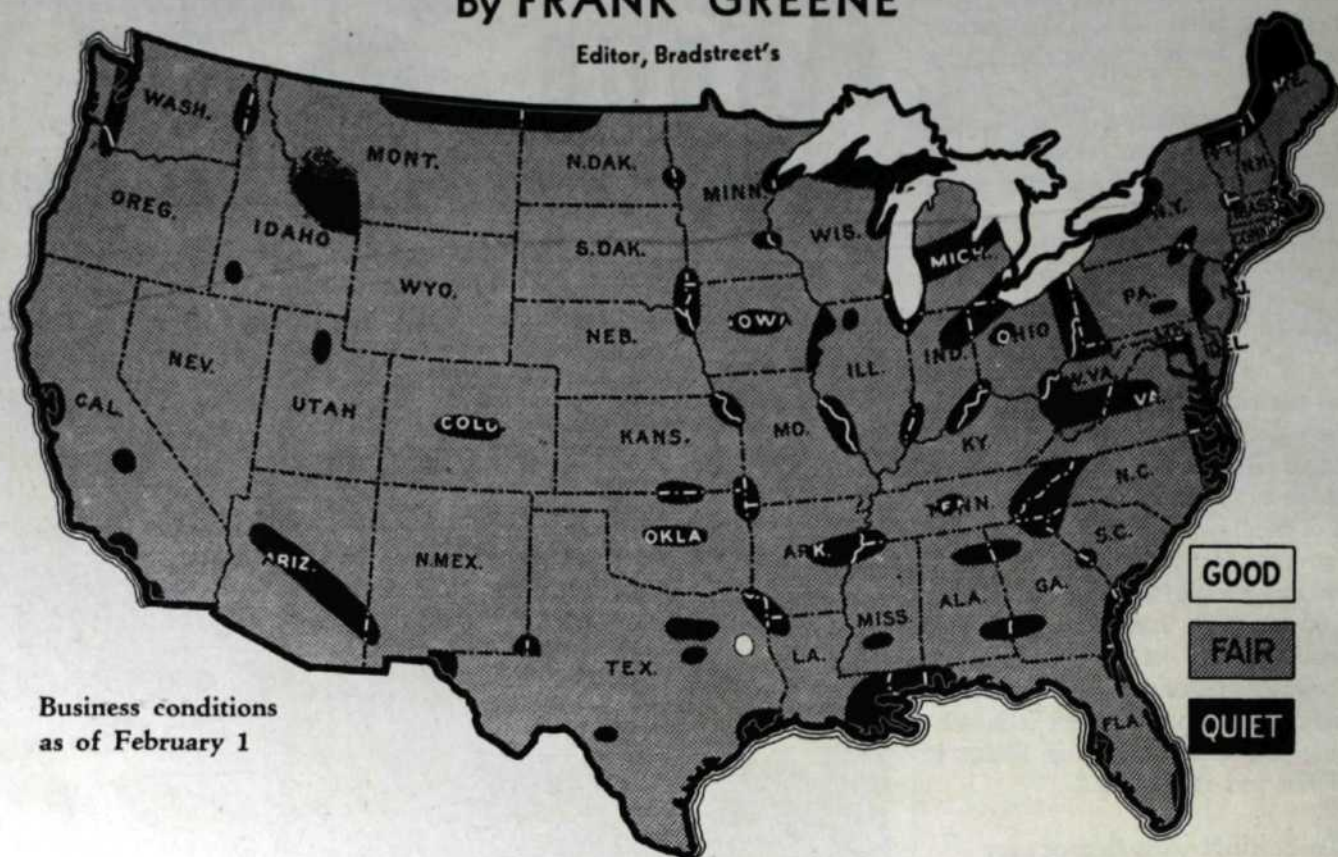
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The Map of the Nation's Business

By FRANK GREENE

Editor, Bradstreet's



Business conditions
as of February 1

ASIDE from the renewed downward trend of commodity prices in January and preceding months, there have been more signs of equilibrium apparent in the business situation than formerly

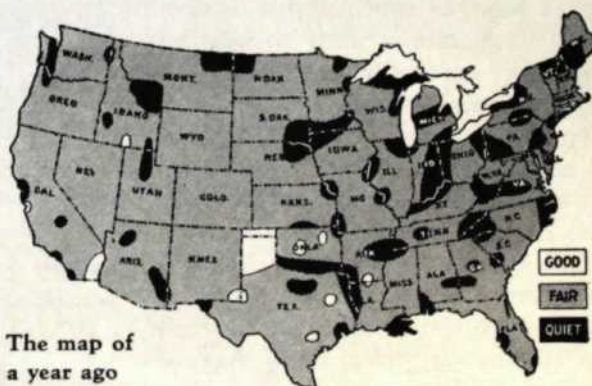
JANUARY illustrated again that a change of date does not change conditions in finance, trade or industry. Not even the weather changed until the month was about spent, and with the lack of a seasonal spur from this source, the usual after-year clearance sales and buying at wholesale were under the curb which marked the autumn and early winter.

This is not to be taken as saying that it was a dull month. At home, Congress opened active operations and plans for banking and business rehabilitation and repair were taken up with a comparative freedom from party politics. Plans for providing new and higher taxes moved forward about as fast as might have been hoped.

Of the individual happenings of the month, some were of a grave, almost a somber, character. Year-end results were projected in the continued slow speed of industry, which on the whole, however, outstripped both wholesale and retail trade. The returns for the fourth quarter made by leading steel corporations were about the poorest in a generation; foreign trade and trade balances were the poorest since the Great War began; railroad earnings were the slackest since the ending of that conflict; commodity prices, far from living up to some "stabilization" theories, made the lowest levels since early 1900; bank suspensions, although not as numerous or as grave as in the autumn and early winter months of

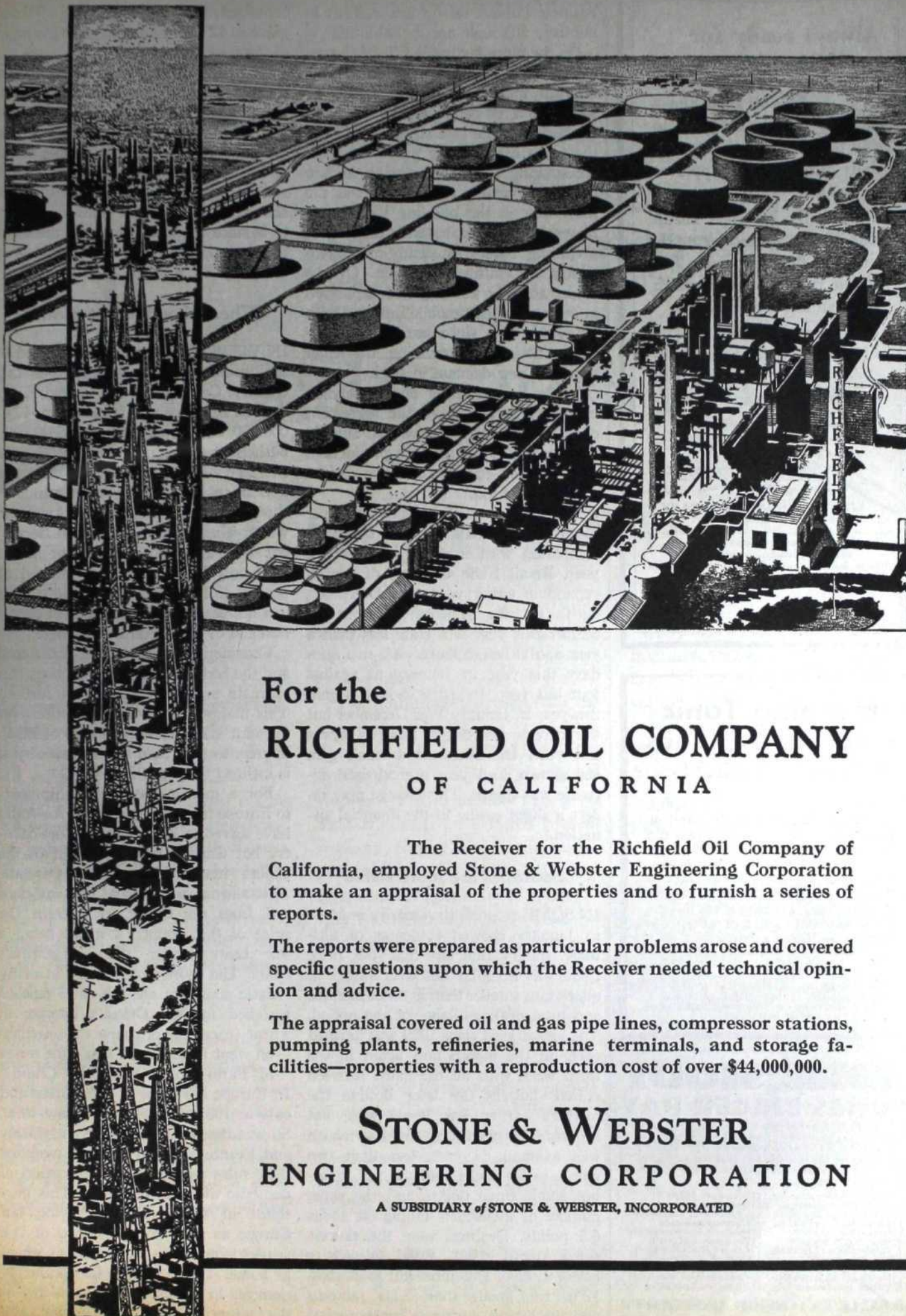


The map of
last month



The map of
a year ago

A more cheerful feeling is observed in a number of areas and business fields, although this is not yet translatable into definite improvement



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1931 and 1930, were still heavy, and business failures set up new records in number, although not in liabilities.

On the more favorable side of the account might be mentioned agreement between the railroads and their personnel on a ten per cent wage cut. This, coupled with the rate advances granted the roads earlier, may prove the most encouraging feature appearing in two years. Of possibly equal value was the movement in the building industry to reorganize wage scales with the aim of preparing that great ready-money industry for future expansion. Of the trades actually showing real expansion in output, the automobile industry with its steady rise since last autumn deserves notice as providing the chief source of new demand in steel.

In the line of rather negative movements might be classed the agreement of petroleum interests to cut out Sunday work to avoid burdensome production, and the effort toward curtailing cotton-goods production.

Wholesale trade did not expand over December, a small decrease this year comparing with a slight increase last year. Retail trade did not, of course, expand in either year over December, but the decrease in percentage from December this year is a trifle less than a year ago although there were five Sundays this year in January as against four last year. Industry showed a gain this year in January over December but the increase was not as large as it was last year. In collections a small gain was shown. Last year a good-sized decrease was shown. This change may reflect a slight easing in the financial situation.

Securities are more stable

IN SOME respects the security markets in January showed evidences of ultimate stabilization, in that the price trend was irregular but with swings in quotations smaller than in other months, and total dealings light for the period. The lowest level since 1929 was touched early in the month and again in the third week with all the gains between erased, but in the later decline the month's earlier low levels were not broken. The net change for the month was a small decrease, less than two points in 50 stocks, with 25 rails gaining about three points and the same number of industrials falling off about 6.5 points. Dealings were the slowest since August, 1931. Bond sales were below those of December but more than 12 per cent greater than in last January and the largest during a January since

1927. Bond prices showed a gain of three-quarters of a point, one of three gains in 12 months in the price averages of these securities.

The poor condition in which winter wheat entered the usually dormant period last fall and the lack of snow cover for that crop when the cold wave of late January arrived has been a topic of interest to the grain trade. Last year's wheat crop, with an estimate of Russian yield inserted for 1931 and 1930 to balance the world showing, reveals a decrease of about 172,000,000 bushels or 3.6 per cent.

Wheat shortage not serious

IN VIEW of the large stocks carried in the visible supply statements of this country, Canada and the United Kingdom at the opening of this year—473,000,000 bushels as against 455,000,000 bushels at the same date in 1931—the shortage of last year's crop does not appear to be serious. Trade estimates showed the condition of the American winter-wheat crop to be 79.4 on December 1 as against 86.3 the year before with only 38,700,000 acres planted as against 43,100,000 the year before. This is a decrease of eight per cent in condition and of ten per cent in acreage.

Considering the poor start of the crop and the bad weather since planting, this estimate may be lowered still further. This makes the weather conditions for the next six months a subject of much interest to the trade and shows why it is inclined to be cautious.

For a month, the liberal shipments to Europe from Argentina and Australia have served to keep not only this country but Canada practically out of the export market for wheat. Of late, Australia is said to have had sufficient call from the Orient to warrant the price of that country's wheat being a few cents higher than Argentina's offers. The short crops of rice in many Asiatic countries are the chief reasons assigned for the Orient's interest in wheat (excepting of course the purchase—on what is said to be long-time terms—of Farm Board wheat by China). In Europe the crops of rye, barley and oats in 1931 were all well below 1930. So was the potato crop. Recently Italy and France are said to have modified their rules regarding the proportion of domestic wheat to be milled. This may result in some gain in buying but Europe as a whole has tended of late years to encourage the raising of wheat at home. There are several conflicting elements in the matter, with the key of the situation, after Argentina and

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Australia have parted with their surplus, resting mainly with this country and Canada, both of which have big surplus supplies.

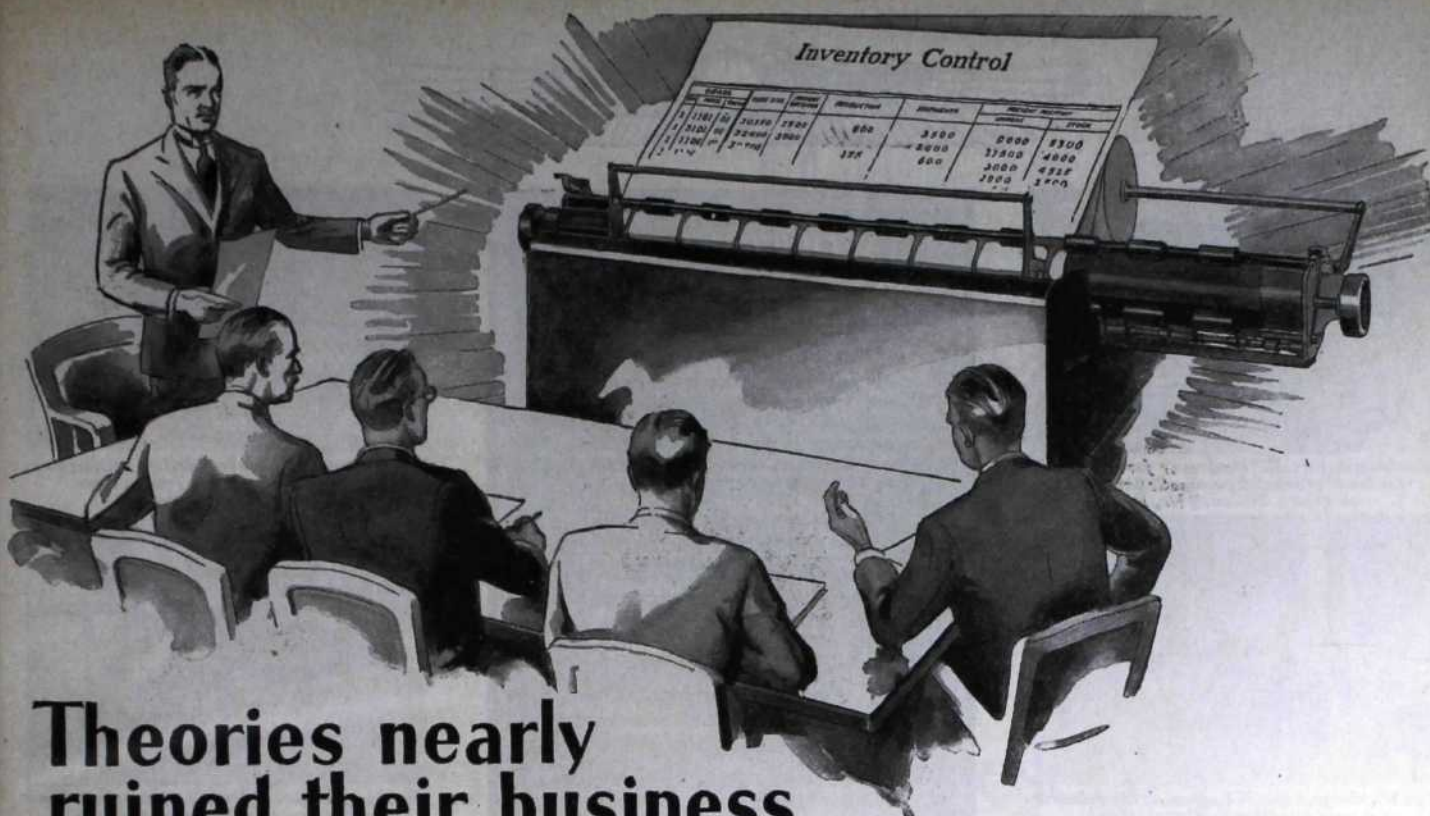
Government grain statistical experts have lately expressed the view that of the two North American countries Canada has the better chance of meeting the world call for wheat in the six months to come. The high milling value of the Canadian wheat is one reason for this view. Others are the firming influence of the American winter-wheat crop and the shortage of hard spring wheats which makes it difficult to adjust our wheat holders to an active export basis, after four years of decreasing shipments.

Cotton carry-over is large

THE approach of the planting season lends special interest to the situation in the cotton states. Last year's crop, estimated at 17,000,000 bales, was something of a burdensome surprise to growers. This yield, if realized, would be added to a carry-over of about 9,000,000 bales—about two years' world supply at the 1930-31 rate of consumption. Various plans of meeting this situation have been suggested but the one apparently adopted was that southern banks and the Farm Board would agree to keep a large total from the market on condition that the 1932 planting was restricted. Southern state governors agreed to use their influence to see this general idea carried out, and Texas passed a law restricting planting to 30 per cent of the 1931 acreage.

In the meanwhile, because of large Oriental buying, the situation for cotton prices is not so hopeless as seemed possible a while ago. A relative shortage of Indian cotton is forecast and American cotton is in demand in its place. Prices of American and Indian cotton are now nearer parity in Liverpool than for many years. Estimates of consumption of American cotton this season—placed at 13,000,000 bales—will still permit of a record-breaking carry-over. Hence the importance of the effort to keep down the acreage this spring. The price of cotton at New York early in February was 6.60 cents a pound as against 10.50 cents a year ago and a low of 5.50 cents last autumn. Those who question the possibility of substituting other crops for cotton in planting point to the fact that nearly all of last year's crops sold at the lowest point since 1910-14. In view of this, the question of what crops can be substituted for cotton is a pressing one.

The two largest mail-order houses report a combined total of sales for Janu-



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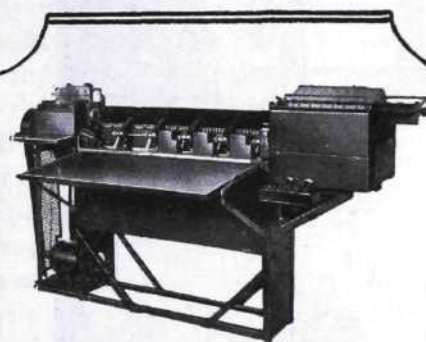


Canadian Division

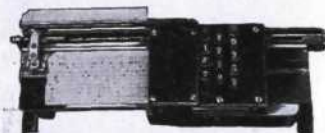
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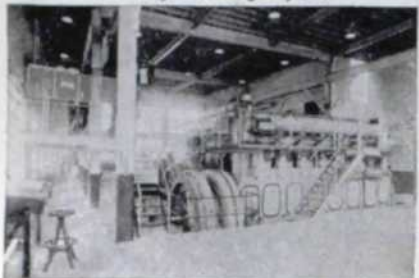
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Two Worthington Diesel Engines, driving electric generators at Horton, Kansas, Municipal Power Plant



Worthington open type stationary feedwater heater serving the power house of Municipal Airport, Buffalo, N. Y.



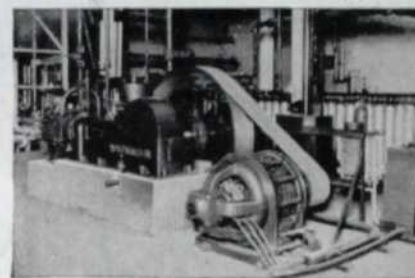
Nine Worthington motor-driven centrifugal pumps on municipal water supply service, Washington, D. C.



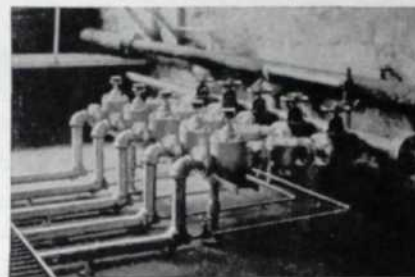
Worthington motor-driven deep well pump removing sea water from dry dock, Puget Sound Navy Yard



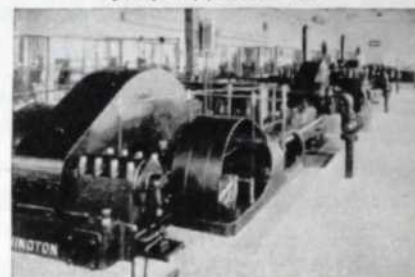
Worthington pneumatic feed drifter, drilling holes for removal of granite from a New Hampshire quarry



Worthington carbon dioxide compressor with Worthington Multi-V-Drive at Dry Ice Corporation, Cleveland, Ohio



Five Worthington turbine type hot water meters measuring boiler feedwater in Bloomfield, N. J., woolen mill



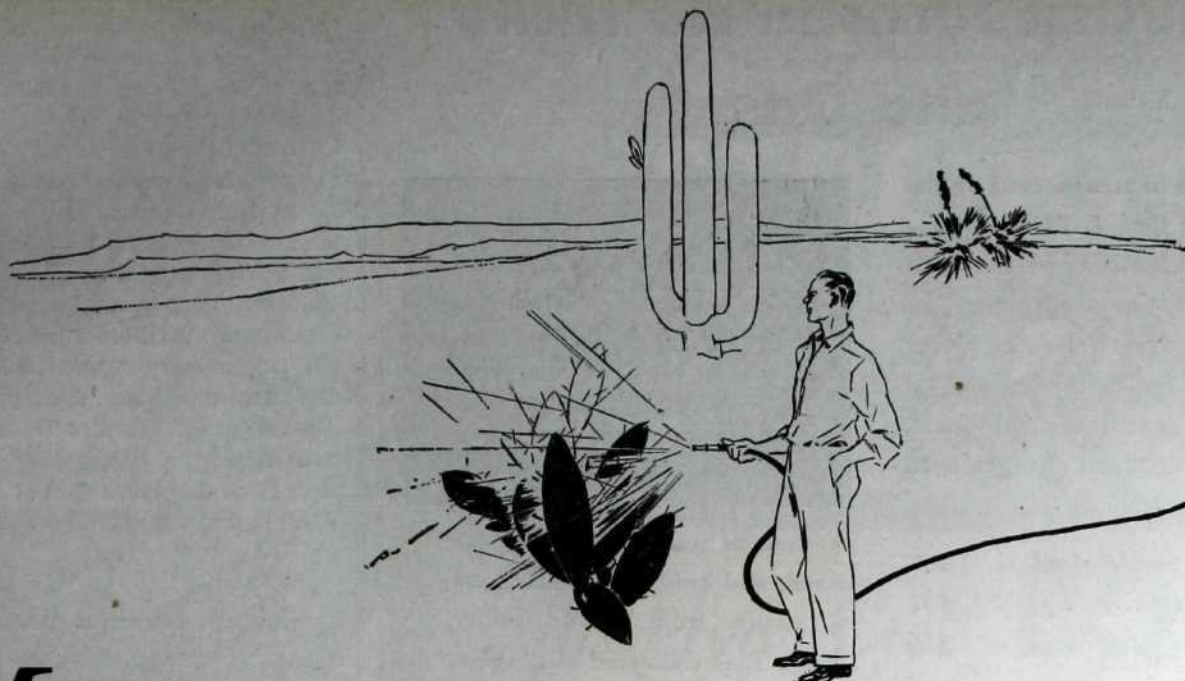
Three Worthington power pumps at Dublin, Indiana, Station, Gulf Pipe Line Company's Oklahoma-Pennsylvania Oil Line



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ary 21.7 per cent below those of January, 1931. This compares with a decrease of 18.9 per cent in December but a gain of 4.8 per cent in January 1931 from the like month of 1930.

Chain-store sales in January, according to preliminary report, decreased 5.9 per cent from January a year ago as against a decrease of 7.3 per cent in December but a gain of 11.7 per cent in January, 1931, from January, 1930.

Chain and mail-order stores combined (preliminary report, in the case of the chain total) for January showed a decrease of 8.7 per cent from a year ago as against a decrease of 9.3 per cent in December but a gain of 10.6 per cent in January a year ago over January, 1930.

Failures continue heavy

AS WAS to be expected failure liquidation continued into January and brought the fourth largest total of bank failures and the largest single week's and single month's total of all business failures. The after-year-end crop of failures is always heavy, however.

In 1931 with a 9.4 increase in number over the hitherto record year 1930, liabilities increased 58 per cent. This was due mainly to the large number of banks suspending. According to the Federal Reserve System's report these totalled 2,290 with deposits of \$1,759,000,000, increases of respectively 70 and 103 per cent over 1930.

One of the less encouraging features of the month just passed was the continuing downward movement in commodity prices. This was foreshadowed by the weakness of the Weekly Food Product Index in recent weeks and by the apparent continuance into January of the record low levels of all farm products reported in mid-December. The February 1 Monthly Index touched \$7.5243, a decline of 2.7 per cent from January 1 and the lowest since July 1, 1901.

On the favorable side of the price picture it might be noted that wheat prices have not at time of writing touched the low level reached on October 5.

Credit Omitted

CREDIT to the National Industrial Conference Board was inadvertently omitted from a table of governmental expenditures published in the February NATION'S BUSINESS. The table was used with the article "In Arms Against Government Costs."



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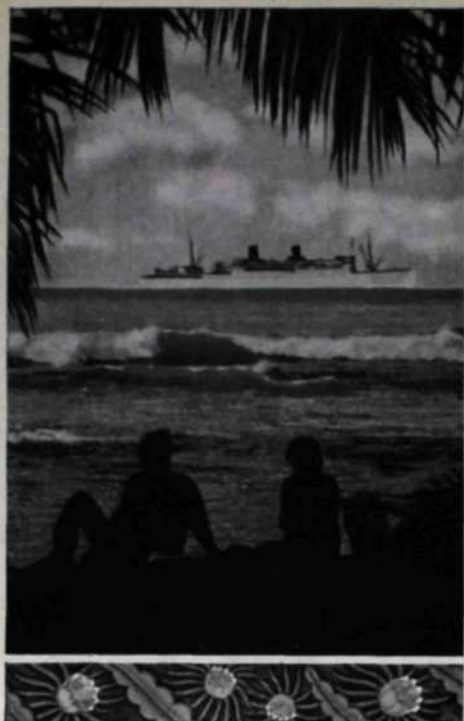
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Hawaii and Pacific Coast conventions give added reasons for a Hawaii trip this year.

*National Foreign Trade Council
Hawaii, May 4-6

U. S. Chamber of Commerce
San Francisco, May 16-20

*Fourth Pacific Rotary Conference
Hawaii, June 12-14

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225 F BUSH ST., SAN FRANCISCO

A Clinic on the Postal Deficit

(Continued from page 27)

delivery. This half-cent increase, he estimated at the time, would produce about \$55,000,000 in additional funds.

But volume has waned and deficit has grown since then. Hence the Postmaster General, holding to his original stand for higher first-class postage, now suggests a three-cent rate pending the return of normal conditions. He estimates that, with the present shrunken volume, the two and one-half cent rate would yield only \$50,000,000 in additional funds, a sum far short of that needed. A three-cent rate, on the other hand, he says, would have balanced the budget for 1931 and would have reduced the probable \$150,000,000 deficit for the current year to a third of that sum.

Revision of rates urged

THE Postmaster General also urges a revision of parcel-post rates; revision in the rates and fees for registered, insured, and collect-on-delivery mail, and for domestic money orders; outright ownership of quarters needed for garages, post-office stations and branches in larger cities; and additional duties for rural carriers. This last step he expects eventually will reduce expenditures for clerical and carrier service.

Revision of parcel-post rates, a proposal now pending before the Interstate Commerce Commission, would bring in \$7,500,000 additional revenues a year, Mr. Brown estimates. Additional receipts of \$10,000,000 a year are expected from the recommended revision in rates and fees for registered, insured, and collect-on-delivery mail and for domestic money orders.

Postmaster General Brown also points to the increase in the parcel-post limits on size and weight made effective last August 1, which he estimates will produce additional business amounting in normal times to about \$5,000,000 a year.

Some of the Postmaster General's proposals are already meeting attack in Congress, however. Chairman Mead, of the House Committee on Post Office and Post Roads, has declared against the three-cent rate on first-class mail, agreeing with Representative Kelly that normal increase of postal revenues in the next few years will eliminate the present deficit. The three-cent rate would not

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mean correspondingly greater revenues, Representative Mead declares, but would mean a reduction in volume. Reduced volume, he adds, would mean a higher cost on every letter handled and, in the end, a greater deficit. And why, he asks, raise the rate on the one class that is now showing a profit?

Some of the lesser means of reducing the deficit which the Postmaster General proposes, Representative Mead concurs in. To them he adds plans for increasing volume by attracting to the mails a great deal of matter (bills, circulars, etc.) now delivered by public utilities, advertising agencies and others. His Committee also intends to consider air-mail legislation, he says, and hopes to be able to extend the service greatly or to reduce its deficit by several millions of dollars.

The Department is already reducing its expenses, he points out, through curtailed services and reductions in personnel.

Representative Mead believes that the present deficit is in no way caused by the wages paid postal workers. Letters are being handled now at a lower unit cost than they were in 1885, he says, when the two-cent rate was established. Indeed, he declares, in proportion to their increased efficiency, postal workers are receiving less than they did before the World War because, although they have practically doubled their productivity since 1913, as measured by revenues, their wages have gone up only 75 per cent.

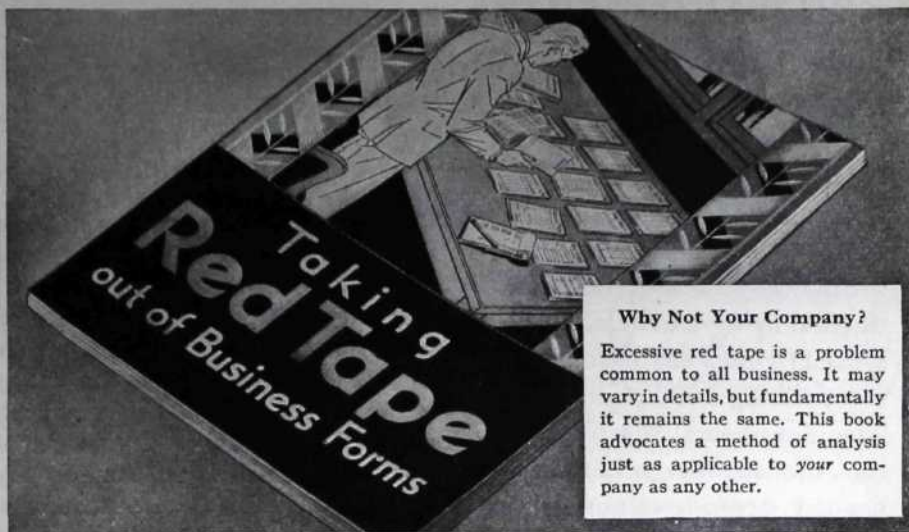
Senate attacks changes

ANOTHER of the Postmaster General's proposals—that concerning revision of parcel post rates—has come under fire in the Senate. That body at this writing has passed and sent to the House a bill to repeal the section of the postal act under which the Postmaster General asked the Interstate Commerce Commission to increase parcel post rates.

Still to be disposed of is a bill introduced by Senator King of Utah authorizing the Postmaster General to carry on rural delivery service on a contract basis. Most rural carriers are now salaried, a carry-over from horse-and-buggy days when covering a route required a day's time. Now, with automobiles, it is argued, routes can be covered in a few hours. Thus the Department employs several times the number of carriers really needed, proponents of this bill declare, wasting a sum estimated as high as \$40,000,000 annually.

Organized business also has its proposals for solving the postal problem,

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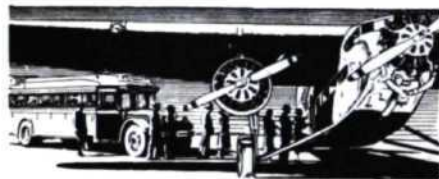


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proposals which are stated in the recent report of the Postal Service Committee of the Chamber of Commerce of the United States. This Committee agrees with the Postmaster General's recommendations and Representative Mead's views so far as they concern revision of rates for special services—that is, registered, insured, and collect-on-delivery mail and domestic money orders—pointing out that there are no elements of a public-policy character in such services to indicate that they should be rendered at less than cost, and further that some of these services, notably insurance and transmission of money and valuables, are in competition with private enterprise.

Against postal policy?

THE Committee disagrees, however, with the Postmaster General's proposal to increase first-class rates, concurring with the congressional view that the increased revenues would be disappointing in amount and that the change would diminish postal volume. Establishment of such a rate runs counter to a prime principle of postal rate making in the Committee's view—that rates should be so made as to encourage further use of the postal service and thus reduce the units of overhead expense.

Too, the Committee points out, an increase in first-class rates at this time, when commodity prices and costs of doing business generally are trending downward, would tend to curtail business promotion activities dependent upon first-class mail, would reduce the business of industries supplying materials for such promotional work, would require readjustments of commercial processes at a particularly disadvantageous time, and would substantially add to unemployment.

Aside from these business considerations, the Committee adds—and here it again agrees with Representative Mead—there is the inequity of saddling first-class mail users with deficits due to losses on other classes. The Committee parts company with Representative Mead, however, when actual returns on first-class mail are considered. Whereas the Representative accepts at face value Department figures showing huge profits on first-class mail the Committee holds that these profits are more imaginary than real, a view which is held by the Postmaster General himself.

The results which show such profits, says the Postmaster General, are subject to reservations, for the apportionment of expenses fails to give weight to the quality of service as distinguished

from the quantity of service accorded to different classes, no account being taken of the relative priority accorded first-class mail, the relative economic values of the several classes, nor the degrees of preferment. No mathematical formula has been devised which would give proper value to such intangible considerations and the usefulness of the results as a guide to rates to be charged is accordingly limited. It is doubtful, therefore, the Postmaster General says, whether first-class mail is paying its way.

Analogous examples are found in all public utilities performing a mixed or varied service, he points out, the rates being usually based upon economic value of service delivered rather than on the apportioned cost.¹

Increasing rates on third-class matter—circulars, miscellaneous printed matter, and certain merchandise—is also inadvisable, in the Committee's view, because of the adverse effect of such a step on volume and net revenue.

If the deficits are to be made up, the Committee contends, it should be done through the rate revisions for special services, as already suggested; through certain changes in second-class regulations; through encouraging the use of rural mails, and through economies in the postal organization.

Service at less than cost

A REVISION of second-class rates which will entirely make up losses incurred on that class of mail is impracticable, the Committee believes, and the postal service will have to continue carrying newspapers, magazines and other periodicals falling in the second class at less than cost as a government policy service.

One large source of deficit in this class can be eliminated in the Committee's opinion by a more effective limitation on the number of pieces *per* pound allowed to be mailed at pound rates. The Post Office Department, on the other hand, terms second-class rate increases impracticable.

Possible economies which the Committee suggests include putting rural delivery routes on a contract basis, along the line contemplated in the King bill; temporary discontinuance of the present automatic salary increases in the service; and the placing of postal salaries on a differential scale rather than on a flat nation-wide basis.—P. H. H.

¹John W. Howard, cost-accounting expert, discussed the Post Office Department's cost-accounting system in an article in *Nation's Business* for February 1928. The article is still timely, and reprints are available.

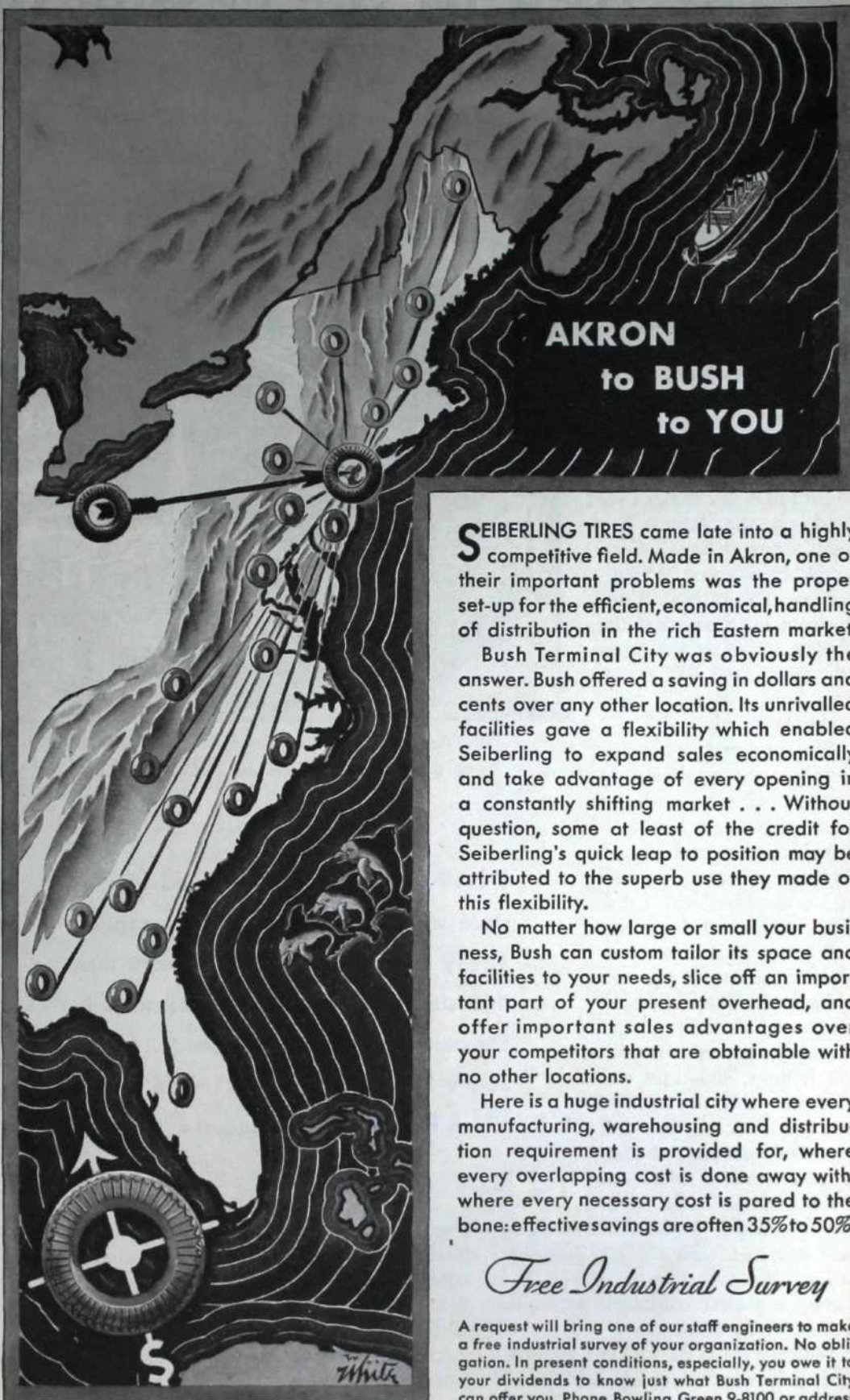
The SEIBERLING TIRE ROUTE

Schedule of savings effected by a typical business which has recently moved to Bush Terminal City. This is an actual case.

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64,564 sq. ft. on 6 floors; 30,000 sq. ft. in 4 floors, adjacent building \$37,825.60		
68,198 sq. ft. on 1 floor		\$44,328.70
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Engineers' salaries	3,016.00	_____
Operating Elevators	2,184.12	_____
Taxes	9,590.00	_____
Refuse Removal	216.00	_____
Insurance	695.00	345.00
Insurance on Building	130.00	_____
Trucking & Maintenance charges	14,500.00	_____
Grand Total	\$70,547.64	\$44,673.70
YEARLY SAVING . . .		\$25,873.94

Bush Terminal offers eight gigantic piers for ocean and coastwise steamships; concrete and steel fireproof buildings, 100% sprinkled; power, light and steam at lower costs; no cartage costs for moving rail freight into or out of terminal (package or carload); connections with other coastwise steamship lines, eliminating all or part of trucking charges to piers; stations of all consolidated car companies; plentiful labor; 5,000 to 100,000 square feet on one floor, reducing space and supervision costs by 35%; insurance rate as low as 8¢ per hundred; service by every trunk-line railroad entering New York — sidings at every door.

Among the well known products manufactured, warehoused at or distributed from Bush Terminal City are: Lucky Strike Cigarettes, Chesterfield Cigarettes, Raleigh Cigarettes, Del Monte Coffee, Beech-Nut Coffee and Confections, Hills Bros. Coffee, S & W Coffee, Pepsodent, General Motors Export, DuPont Paints, Burgess Batteries, 20 Mule Team Borax, Libby Olives, Frigidaire, A & P Teas and Spices, and Johnson Sea Horses.



SEIBERLING TIRES came late into a highly competitive field. Made in Akron, one of their important problems was the proper set-up for the efficient, economical, handling of distribution in the rich Eastern market.

Bush Terminal City was obviously the answer. Bush offered a saving in dollars and cents over any other location. Its unrivalled facilities gave a flexibility which enabled Seiberling to expand sales economically and take advantage of every opening in a constantly shifting market . . . Without question, some at least of the credit for Seiberling's quick leap to position may be attributed to the superb use they made of this flexibility.

No matter how large or small your business, Bush can custom tailor its space and facilities to your needs, slice off an important part of your present overhead, and offer important sales advantages over your competitors that are obtainable with no other locations.

Here is a huge industrial city where every manufacturing, warehousing and distribution requirement is provided for, where every overlapping cost is done away with, where every necessary cost is pared to the bone: effective savings are often 35% to 50%.

Free Industrial Survey

A request will bring one of our staff engineers to make a free industrial survey of your organization. No obligation. In present conditions, especially, you owe it to your dividends to know just what Bush Terminal City can offer you. Phone Bowling Green 9-8100 or address

BUSH TERMINAL CITY

Owned and Operated by BUSH TERMINAL COMPANY
Cooperating with the nation's foremost manufacturers

Executive Offices: 100 Broad St., Dept. N, New York
FOREIGN DISTRIBUTION—BUSH SERVICE CORPORATION

The Key to Successful Retailing

By W. T. GRANT

Chairman of the Board, the W. T. Grant Company

ILLUSTRATIONS BY DON MILLAR

BUSINESS, as one of the fields of human activity, is a way of being useful, of giving to human life increasing worth and satisfaction. We have the people on one hand and the world full of the things they need on the other. The world seems to have enough to supply everyone in abundance. The function of business is to see that the world's resources are properly distributed but, somehow, things seem to have gotten badly tangled.

We shall not better the situation by appealing to society to support particular kinds of business for traditional or sentimental reasons. At best, this is trying to patch up a situation which has gone far beyond patching.

What is needed is a new view of the nature and aim of business. The traditional idea, conceived in greed and stupidity, has caused endless failures. This idea was that the aim of business was to get all that it could, regardless of society. In late years a new idea of business practice has been evolving.

Where this idea has been followed, business has met with success instead of failure. The new idea is simple—it is merely a greater consideration for the welfare of the consumer.

Whether some of us have stumbled into this way of doing business or whether it has been consciously planned is a question. At any rate, where this new attitude has been adopted, it has worked to the satisfaction of the consumer as well as the business, and if the great mass of struggling merchants could understand its business value it



Business directed for profit cannot compete with business directed for consumers

●

IN 1906 W. T. Grant opened his first store with \$1,000 as his entire capital. Today his company operates more than 400 stores and increased its earnings in the past two years of depression. In this article Mr. Grant tells the simple rule to which he attributes his success

would go far toward establishing them on a sound and profitable basis. It would go far also toward bringing about a more equitable distribution of the world's wealth.

In each of the last two years of depression our company has increased its earnings. In that period also we increased the number of our units approximately 50 per cent. Part of the increased earnings has been effected by economies of operation and part by the added units, but these factors do not entirely account for the gains. Nor do

I believe that our success has been due to any exceptional brilliancy. I am convinced that it has been due to our attitude toward the consumer, coupled with our method of handling the item of profit.

From a small store

OUR business, though large, grew from small beginnings. When I opened my first store in 1906, I was a little "independent merchant" with only a thousand dollars to my name. In those days the proportion of small merchants who went into business and failed was no smaller than today. In fact, it has always been true that a large majority of those entering business fail.

There will always be a large percentage of failures among small stores, because the small store is the training school in which inexperienced merchants become educated. Many rush into merchandising without enough training to succeed in any field of endeavor.

This lack of education and experience is the root of their difficulties. There is just as good a chance for the small business to succeed today as there was 30 years ago; in fact, there would be far fewer large concerns today if the small ones took advantage of their opportunities.

The merchant's education should begin long before he enters business. Boys and girls in elementary schools should learn the true purpose of business. If we could erase at this early age the fallacy that business exists solely for profit, it would go far toward insuring

"You like them **FRESH?** So do I!"

You don't have to tell the woman who has switched to Camels the benefits of a *fresh* cigarette.

She knows all about it—that's the reason she stays switched.

She has learned that the fine, fragrant, sun-ripened choice tobaccos in Camels have a perfectly preserved delicate mildness all their own.

She knows by a grateful throat's testi-

mony what a relief this smooth, cool, slow-burning *fresh* cigarette means to sensitive membrane.

Camels are fresh in the Camel Humidor Pack because they are *made* fresh, fresh with natural moisture and natural flavors—they are never parched or toasted.

If you don't know what the Reynolds method of scientifically applying heat so as to avoid parching or toasting means to the smoker—switch to Camels for just one day—then leave them—if you can.

R. J. REYNOLDS TOBACCO COMPANY
Winston-Salem, N. C.

"Are you Listenin'?"

R. J. REYNOLDS TOBACCO COMPANY'S COAST-TO-COAST RADIO PROGRAMS
CAMEL QUARTER HOUR, Morton Downey, Tony Wons, and Camel Orchestra, direction Jacques Renard, every night except Sunday, Columbia Broadcasting System

PRINCE ALBERT QUARTER HOUR, Alice Joy, "Old Hunch," and Prince Albert Orchestra, every night except Sunday, National Broadcasting Company, Red Network

See radio page of local newspaper for time



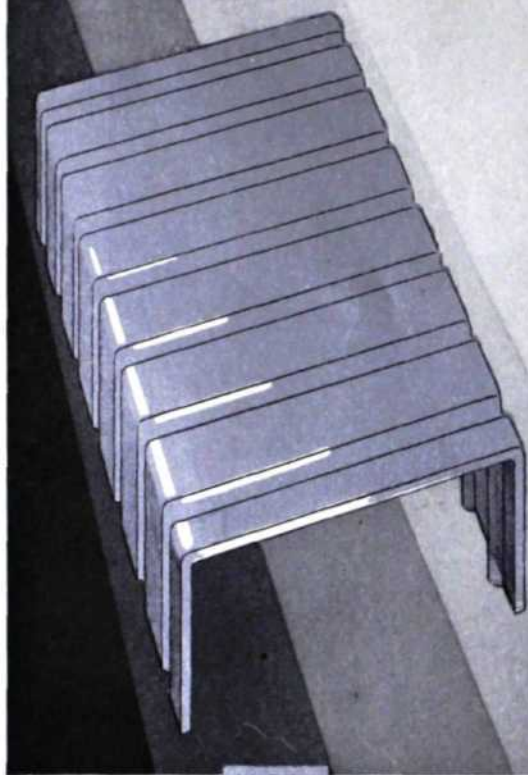
● Don't remove the moisture-proof wrapping from your package of Camels after you open it. The Camel Humidor Pack is protection against perfume and powder odors, dust and germs. In offices and homes, even in the dry atmosphere of artificial heat, the Camel Humidor Pack can be depended upon to deliver fresh Camels every time

© 1932, R. J. Reynolds Tobacco Company

CAMELS

Made FRESH—Kept FRESH

3 more ways of reducing cost factors by using the strong alloys of Alcoa Aluminum



REG. U. S. PAT. OFF.

These are cost-reducing days—days when speed, accuracy and power-economy are writing success on cost sheets—days when surplus dead-weight and needless upkeep are banned by industry. These are days for the strong alloys of Alcoa Aluminum!

Ease of handling, for instance, is evident in the regulation-size skid platform shown here. It weighs only 65 lbs. yet supports a load of over 8200 lbs.

Lower repair costs will pay dividends to the owner of the motor-driven pump (above). It is made of Alcoa Aluminum which does not rust. And think of operating expenses saved by the 1900 lb. mine cars of Alcoa Aluminum whose

steel duplicates weigh 3000 lbs!

Before you design a new product or redesign an old one consider the advantages of Alcoa Aluminum. Parts made of Alcoa Aluminum and its light, strong alloys can readily be forged, cast, welded, joined, machined and finished. Cost is low, on a par with other metals not having qualifications of Alcoa Aluminum.

Large warehouse stocks in principal cities enable us to fill your orders quickly. Write for the name of your nearby distributor. On request we will be glad to send you the booklet, "Alcoa Aluminum and Its Alloys." ALUMINUM COMPANY of AMERICA; 2425 Oliver Bldg., PITTSBURGH, PA.

The ideal metal for collapsible tubes

Alcoa Aluminum meets the demands for the pliability needed in collapsible tubes. The sterilized tube takes decoration easily while the light weight of Alcoa Aluminum makes handling faster and cheaper.



ALCOA ALUMINUM

business success. I am certain it was because I had fortunately struck upon the opposite idea at the beginning that my small business prospered. My resources were so limited that I had to take every precaution against failure. To safeguard myself, I first set up the arbitrary overhead expenses from which there was no escape. This is how I did it:

Setting profits in advance

TAKING 100 as a unit, I allowed, let us say, five for rent, five for help, five for miscellaneous expenses, and ten for supervisory services and profit—a total of 25 for all charges, leaving a balance of 75 for merchandise.

The unusual thing about this is the fact that I included the item of profit as part of the overhead expense. That was new! Instead of making the profit a variable factor, I set a minimum figure on which it seemed safe to plan. Then, my overhead expense and profit having been provided for, I was free to concentrate all my attention on how much I could get the consumer for his dollar.

All I needed to know was that, if I did not spend more than 75 cents for every dollar's worth of goods sold, I could not go wrong unless I failed to get customers. But my chance of getting customers was obviously good because my whole thought was concentrated on getting my customers the best possible values for that 75 cents.

This method was my simple insurance against failure and this is what I am urging for business today. Too much is left to chance and too little to proper planning.

Having established definite cost prices which we are willing to pay for an item to sell at a certain retail, our buyers are bound to keep thinking, and getting manufacturers to think, of how much they can put into an article at a certain price. For example, we have an article in our stores that we started retailing for \$1.00. During the past two years this item has continued to be retailed at \$1.00, but has been improved more than 30 per cent. This improvement corresponds to the reduction in the cost of the raw materials which go into producing it. This same article in the quality we sold two years ago at \$1.00 now sells at 69 cents. The cost

percentage of the selling price has in each case been practically constant. The buyer, with the cost prices established for the article at these retails, concentrated his attention on buying the best possible articles at those cost prices.

Here is another example:

Three years ago an article was introduced in our stores at \$1.00. It was considered a tremendous value at this price. The quantity sold was so large that manufacturing costs were reduced. Working on our principle of giving our customers the most for their money, the reduced production cost was passed on. The retail price was reduced to 79 cents and later to 69 cents. A reduction in material costs later enabled us to retail the item for 50 cents at the same percentage margin of profit. This new low price so increased sales on the item that production costs were lowered still further. Today we are selling for 39 cents an article which is equal in every respect to that which we started three years ago at \$1.00. The percentage margin is the same.

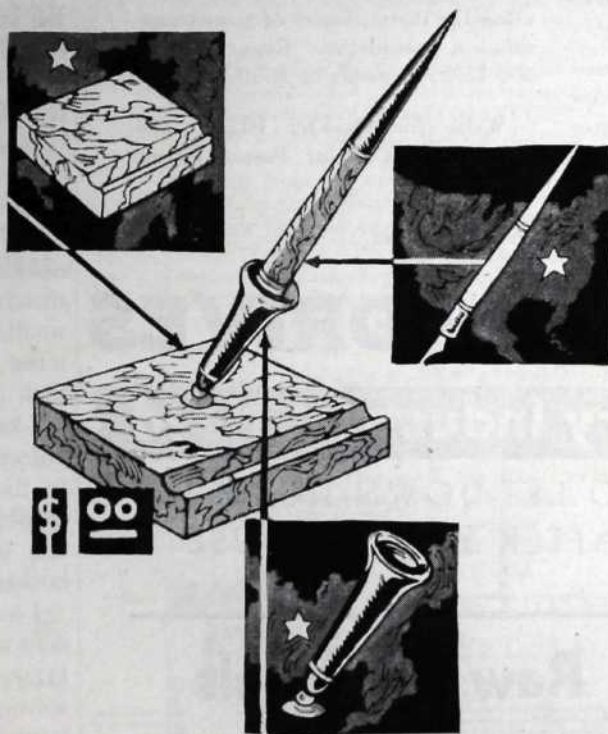
In 1929 we were selling another article at \$1.00. The material was ex-

of raw material, he has been able to sell us the finished product at a price that is enabling us to retail it at 39 cents. It is the identical article that we sold in 1929 at \$1.00. The cost price is the same percentage of the retail price.

Similar procedure was followed with a garment on which we did an enormous business when it sold for 39 cents. We conceived the idea that if this garment could be purchased to retail for 25 cents, sales would increase immeasurably. We went to our manufacturer and actually staggered him with the amount we felt we could use if this item could be purchased at a lower cost. As a result, the manufacturer was able to order more than a half million yards of cloth. With such an order on his books the textile maker found that he could work on a much smaller margin of profit because of the saving in overhead and continued operation in dull periods.

Our company in turn was willing to sacrifice a certain margin of profit because of the rapid turnover anticipated on the item which showed us a saving in overhead.

Sometimes a buyer will purchase an item at a price that will show us only a small margin of profit to try out its possibilities in a given group of stores at these lower retails. When we find out that this price will sell an enormous volume, the buyer is ready to discuss the item with the manufacturer in such large quantities that the manufacturer can buy his raw material at a lower cost. The manufacturer is also able to cut his profit because of reduced overhead. As a result our company is able to sell this item at a lower retail, showing us the necessary margin of profit and at the same time showing the manufacturer a profit. Most of our outstanding values have been built up in this way.

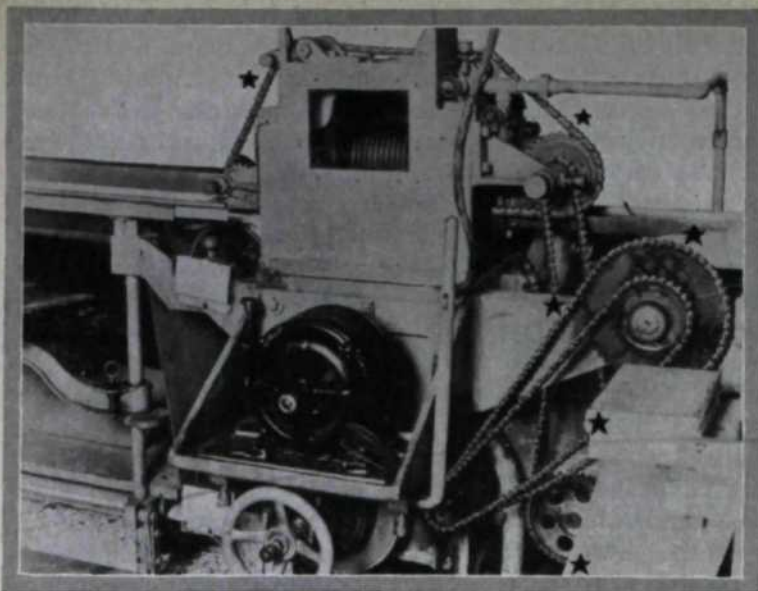


Pens, penholders, and marble bases were assembled as a desk set retailing for \$1.00

actly what customers desired in this particular article. Therefore, as the cost price of the material was reduced and production costs were lowered we reduced the retail from \$1.00 to 89 cents, then to 69 cents, later to 50 cents. Recently, through our ability to give this manufacturer a large order that in turn enabled him to order a great quantity

Cheaper goods

SOMETIMES, too, when we are unable to find what we want at a price which will show us the proper profit percentage, we use our ingenuity to solve the problem, as did one of our buyers who saw the possibilities of producing a desk pen set complete to retail for \$1.00. It was impossible to obtain this item to retail at this price. Through the buyer's efforts, however, we imported Italian Marble bases



Note the complication of design solved by Diamond Chain flexibility on this pineapple slicer.

Choose the Machine *whose Designer has been Unhampered*

The more logical the arrangement of units the better the machine. When you consider a machine driven with Diamond Roller Chain you can be sure the arrangement of units is logical. Diamond Chain is flexible—units can be placed where logic, not necessity dictates.

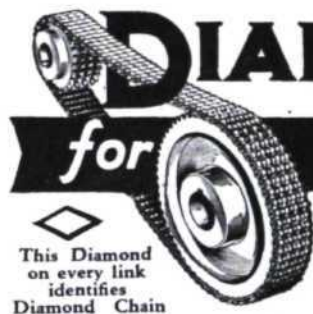
And there are many other reasons for preferring Diamond driven machines. Diamond incorporates the roller bearing principle—rolls at all points of contact—sheds wear,

maintains positive speed ratio and efficiency throughout its long life. Costs less to maintain—in time, in money. Runs over or under sprockets in either direction.

Diamond Drives are a logical solution for the majority of your transmission problems. Capacities to 600 H. P.—speeds to 3600 R. P. M.

Write for Booklet 102-B "Reducing the Cost of Power Transmission".

DIAMOND CHAIN & MFG. CO.
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DIAMOND DRIVES

for Every Industrial Need

NO LET-DOWN IN SPEED
AFTER YEARS OF USE

This Diamond on every link identifies Diamond Chain

Lower Cost Raw Materials

CHEAPER POWER
WIDER MARKETS
LOWER COST
TRANSPORTATION
BEST LABOR IN
AMERICA

Investigate Beauharnois as a site for your Canadian plant. Power from a 2,000,000 h.p. site at prices to compete with the world. Canada's markets at your door; Empire markets thrown wide open; unusual rail and water shipping facilities.

Send today for Booklet B5



**Beauharnois Power Corporation
Limited**

Montreal

Canada



from one concern and pen holders from another. We then obtained a pen from an American source and assembled the three purchases. In this way we were able to sell the set complete at a profit at a price which seemed impossible.

Popular values sought

THUS my whole approach to business has been different, my idea being to popularize my store with the greatest possible values. That spirit has permeated practically every department of the company. This approach has had another important effect. It has tended to discourage in our business one of the greatest curses that hangs over American business—selling goods without profit as a bait to attract customers, as stupid a practice as the old system of not marking goods plainly with the selling price.

If business is necessary to meet the needs of the consumer, profits are essential to sustain that business. Yet competent people have estimated that nearly \$20,000,000,000 worth of the business of the United States is being done without profit—a terrific economic waste.

I believe, then, that the way to help the small store is not by setting up unsound and uneconomic systems of taxation, the effect of which is merely to hamper efficient and useful business, but to encourage the less efficient store to adopt the newer attitude toward business and thus pull itself up. I know of no better way of achieving a more equitable distribution of wealth among merchants than that of inducing the small stores to make the consumer's interest, rather than a maximum profit, their objective.

I know no better way of keeping this objective—the "consumer viewpoint"—in the foreground than to consider a predetermined minimum of profit as one of the necessary costs of doing business.

I am not worried about the independent merchant who is alert. He needs no sympathy. He has quite as many advantages as big business. There is a tremendous amount of evidence on this score but we hear little about it. The cry from small business comes largely from those who never were qualified to enter the field or from those who are always ready to capitalize other people's difficulties, or from sentimentalists whose emotions run riot with their judgment.

There have been many times in days gone by when the small fellows were going to be wiped out. In my opinion, they never can be wiped out. There

never will be lack of opportunity for those who can recognize it.

We first try to solve our problems according to their effect on profits. Then we endeavor to solve them from the consumers' viewpoint. No wonder the whole business world is in a fog without a definite goal. No wonder there is so much disagreement when we do not speak the same language.

In the old days business was simple in that it had only one purpose—getting all the profit it could regardless of society.

Business for the consumer

BUT the standards required of business today are higher and will continue to improve until eventually business will fill its true place in society—that of giving life increasing worth and satisfaction.

The subject resolves itself squarely—either business directed for profit or business directed for consumers. Business directed for profit cannot compete with business directed for consumers. Business for consumers, with the proper allocation of profit as a necessary item of overhead expense, is the new principle that will be the basis of successful business, small or large, from now on.

While this principle may not be the panacea for all our business ills, it is a definite cure for a large percentage of them. It is urged solely on the basis of sound business procedure, the result of experience in a highly competitive field.

Shorter Hours for Work

THE MAN who had one of the easiest jobs possessed by any foreigner in China worked only 30 minutes a day for more than ten years.

At the end of the ten-year period he retired to California with a comfortable fortune. He was a buyer of pig's intestines for American sausage makers. The market for this product was open only from 7:00 to 7:30 a.m. daily. All he had to do was be there at that time to make his purchases and give directions for his Chinese associates regarding packing.

The rest of the day he had nothing to do, hence he became the most popular man in town for work on committees or for social affairs. Incidentally, he says, most of the pig's intestines come from the carcasses of sheep!—J. B. P.

YOU DON'T MANUFACTURE RADIOS

*But
tie the story of Columaire
to your own product*



IN 1919 when the first broadcast was sent out from the Westinghouse Station KDKA, there were few receiving sets. In a short time there were thousands of crystal sets (1920). They worked—they allowed us to hear sound through the air. Later came the various tube sets with their various kinds of loud speakers (1926). Reception was taken for granted. Now the radio has reached the third stage, the stage of fresh appeal. In the Columaire we have style (1932). Congratulations to Westinghouse for their ingenuity.

For 12 years YPS engineers have created new business for their customers by redesigning products to improve appearance, cut down weight, reduce production costs.

To this staff we have now added the service of a nationally known product Stylist.

We are thus able to offer a complete four-point service—product redesign, form styling, color styling and parts production.

Old products, given new life, enjoy new sales impetus. Diagnose your product and your market. Fit your product to the new market conditions.

FREE OFFER Our staff are ready to help you. In the order in which requests are received, YPS will diagnose products without cost or obligation. (For obvious reasons we are forced to limit consideration to sizable products which are or can be made of metal.)



THE YOUNGSTOWN PRESSED
STEEL CO., WARREN, OHIO

The Youngstown Pressed Steel Company,
314 University Avenue,
Warren, Ohio.

We would like to know more about your free offer to make a Product Diagnosis for us. And send us a copy of "Old Myron Looks Up"—the tale of an old business and a new bag of tricks.

Name of firm

Address

City State

“PRESS IT FROM STEEL INSTEAD”

When writing to THE YOUNGSTOWN PRESSED STEEL CO. please mention Nation's Business

Sure! I'm the Firm's Printer...



"Multistamp and I print the firm's bulletins, office forms, sales letters, post cards, charts, graphs, etc. Do it as well as those big expensive duplicators requiring special operators. And look at the money we save! It'll print on any kind of paper; even on cardboard, cloth, or wood! I can turn out 1,000 prints in 30 minutes—clean and clear as a press could do it. Print handwriting, drawings, typewriting—all at one twist of the wrist. Easy as using a rubber stamp."

Multistamp is standard equipment in many of America's biggest firms. Yet it costs so little that any firm can afford it. More than 300,000 in use.

A Size for Every Need

Multistamps are made with printing surfaces from rubber-stamp size to legal-page size at prices from \$7.50 to \$35.00 for completely equipped units. Combinations of three sizes, with complete supplies for each, in compact, portable metal cabinets; \$50.00 to \$60.00. Every outfit guaranteed for five years.

MULTISTAMP

REG. U. S. PAT. OFFICE

Service Stations in most Principal Cities.

Ask for demonstration—
Consult your phone directory.

THE MULTISTAMP COMPANY, INC.
523 W. 20th Street, Norfolk, Virginia
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AND SAMPLES OF WORK**

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The Seattle Daily Times, Seattle, Wash.

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Dept. 3374-H Chicago, Ill.

An Old Fuel Comes Back

By ALEXANDER FORWARD

Managing Director, American Gas Association

CHANGES which point to fundamental readjustments in the fuel industries are going on. They are so far-reaching as to be felt in practically every industry.

A particularly significant development is the use of gas in the generation of electric power. It may well be that in the future we will see the power plants in the cities within economic reach of natural gas supplies fed through pipelines direct from the gas fields.

New systems may result

IN OTHER words, the concept of superpower stations with long electrical transmission lines may soon be replaced in many areas by one embracing multiple power stations, each with its long gas line. These changes result primarily from two things—the recent discovery of several major gas fields with enormous reserves, and the development of gas pipeline transportation. Actual installations disclose practically a three-to-one ratio in favor of gas over electricity.

Data show that the cost of transmitting a million horsepower-hours of electrical energy is \$195 while the cost of transmitting an equivalent amount of energy in the form of gas is only \$65.

The last few years have witnessed remarkable expansion in the natural gas industry. This is indicated by the fact that the consumption of natural gas jumped more than 160 per cent during the eleven-year period ending with 1931.

Surpasses electric industry

THE output of energy from natural gas burned in 1929, translated into equivalent terms, amounted to more than 527,000,000,000 kilowatt hours, nearly six times the total production of electricity for the same year. The utilization of this fuel for electrical generation rose 46 per cent in that year.

A few years ago the idea of a thousand-mile gas pipeline was preposterous and yet two pipelines, each approximately 1,000 miles in length, have been completed and a third of the same length is under construction. Already

the natural and manufactured gas industries together rank as fourth among the public utilities.

The three long pipelines have their source in Texas. The one to Chicago has already been completed as has the one to Indianapolis, while the line to St. Paul will be finished soon. Super-gas systems in important areas of the country are thus in the making and there is little doubt that in the future they will be merged with superpower systems with such changes, on either side, as to make for the most economical operation of both.

Such systems will no doubt combine the facilities for producing, transporting, and distributing the trinity, heat, light and power, using the fuel most economically available.

Disregarding depression

IN NOTING the progress of gas for making power we might look at the state of Utah, where natural gas fields were opened up just before the panic of 1929.

In Salt Lake City and nearby cities natural gas has captured most of the heating and industrial load including three of the four large smelters in that territory.

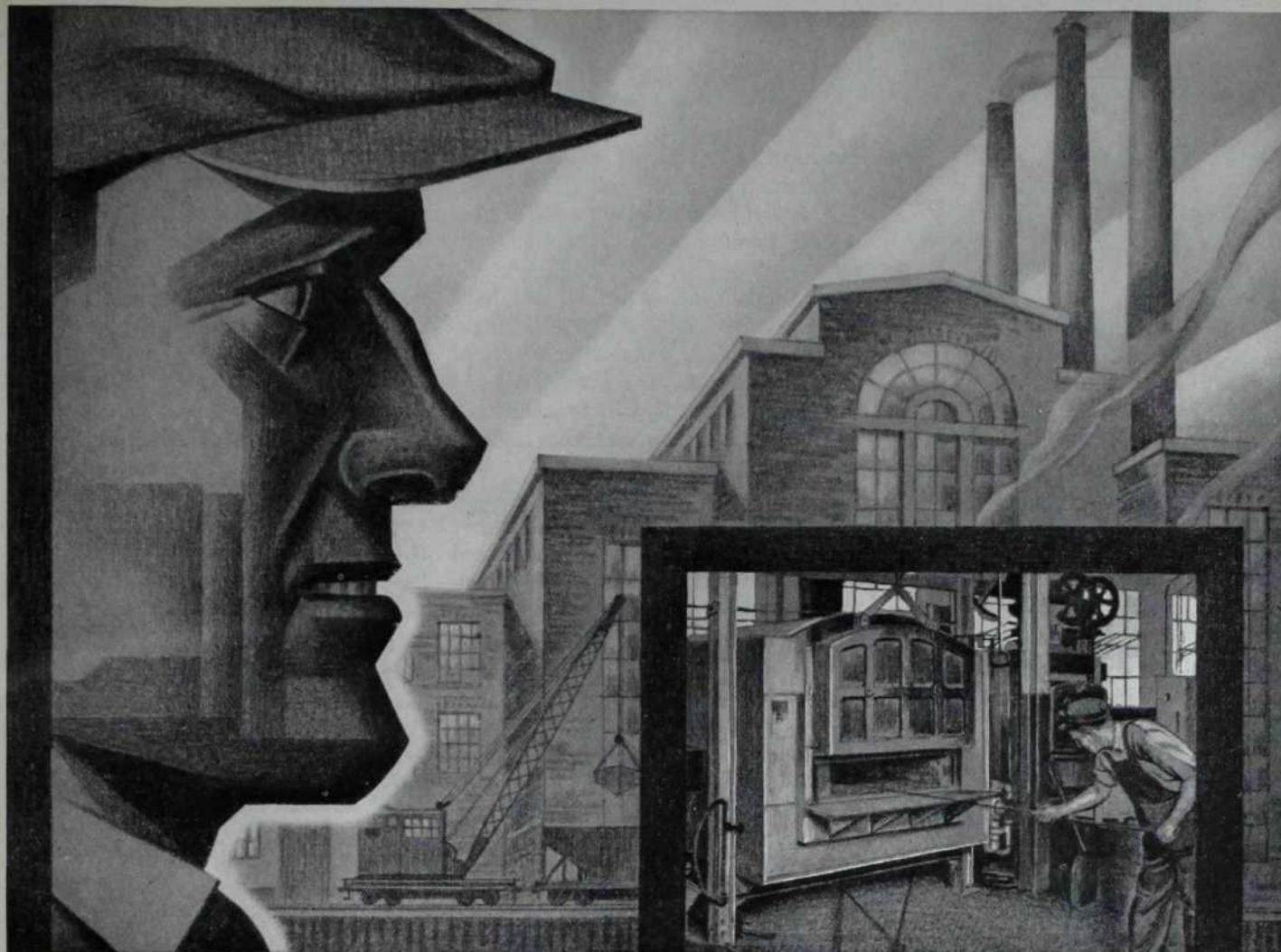
This called for the outlay of considerable capital, both by the gas company and the individual customers, and yet the changes were made and money spent during one of the worst depressions that the business of this country has ever experienced.

Practically the same thing took place earlier in Denver.

In southern California full advantage has been taken of the availability of natural gas by the steam power plants of the local public utilities. There it is very probable that electricity will be produced with gas more cheaply than it will be generated by water power at Boulder Dam.

As a result the local electric utility has given up some of its water power filings on the rivers and creeks in the High Sierras which it had been holding for future development.

These changes point to fundamental readjustments of some of our long cherished conceptions of industrial progress.



Super-heat, vital to industry, must be controlled by Super-Refractories—"Alundum," "Cryston."

INDUSTRIAL HEAT « »

"What are Norton Refractories?" A common question. Briefly, they are materials for handling heat, super-heat.

Super-heat serves industry — controlled by super-refractories — in gas, oil and electrically heated furnaces and kilns — in the form of bricks, muffles, plates, blocks, saggars, slabs.

Employed in the production and heat treatment of steels and steel alloys; porcelain enamelled refrigerators, washing machines and stoves; decorative tiles; kitchen and bathroom fixtures.

Another of the Norton Products vital to the Great Industries. Norton Company, Worcester, Mass.

NORTON

Grinding Wheels Abrasives for Polishing
 Abrasive Aggregate Floor and Stair Tile
 Grinding and Lapping Machines Refractories
 Porous Plates Pulpstones

Great Industries
 No. 8

The Road to Government Operation

(Continued from page 36)

President may ask an old friend for information."

Eastman believes in the average man but he would not do away with cash registers.

He thinks the best things that have been done have been impelled by higher motives than a desire for financial gain, "perhaps because I was raised in a clergyman's family and have enjoyed the friendship of doctors, school teachers and professors."

He maintains that the class of service rendered by Government is of higher quality than is generally believed and that if railroad operation under government ownership were not at the outset

as efficient as under private direction efficiency would come in time.

Now for the Eastman formula.

I have said that he does not spend his time discussing the socialistic aspect of a problem that concerns every owner of securities and every buyer of life insurance in the United States. He does not indicate what will be the fate of railroad securities under government ownership. It appears to be his belief that the mechanics of the situation will or should force the Government to take over the roads. He points out that the men responsible for the railroads would not have regulation abolished. They have recently asked that their competitors by air and highway and water

"Gallery of Popular Fallacies"

POPULAR fallacies about business come to full flower in times like these, their harmful effects are multiplied, the need for scotching them becomes imperative. Hence the campaign which NATION'S BUSINESS is waging, with the help of its readers, to expose and correct the erroneous and hampering beliefs which the public holds about business in all its fields.

1. "Development of Inland Waterways Will Help the Railroads."

(We had some rice traffic. Likewise some coal and sugar. The paternalistic Intra-Coastal Canal was developed by federal subsidy and we lost this traffic, without gaining compensating new traffic. Forty-five families left railroad pay rolls in Lake Charles. State socialism is destructive to the railroads and any other industry with which it clashes.)

C. B. HUNTER, Local Freight Agent, Missouri Pacific Railroad Company, Lake Charles, La.

2. "The Timber's About All Gone; You Can't Get Good Lumber Any More."

(Present standing forests will last the United States 70 years, even if we don't grow another tree, and the quality of lumber for specific purposes is better than ever. We no longer waste lumber by using clear material for hog pens.)

THEODORE M. KNAPPEN, Director of Information, National Lumber Manufacturers Association, Washington, D. C.

3. "I'll Carry My Own Insurance."

(It is only the exceptional business man who really carries his own insurance—who religiously puts aside the equivalent of a yearly premium.

Not one in a thousand does this, and even those who do are taking an unnecessary risk the first few years.)

WILLIAM B. WISDOM, Advertising Manager, Union Indemnity Company, New Orleans, La.

4. "Figures Can't Lie."

(Nothing can lie like figures. They carry a conviction of rectitude in their very appearance, but behind that front of veracity they may lie like Tom Pepper, an old sailor who was kicked out of hell because he lied like the Devil.)

J. C. HOWELL, New Haven, Conn.

5. "All Prices Must Come Down."

(But how about gold as a commodity? How about railroad rates? How about advertising rates of a magazine whose circulation is increasing? How about a publication whose rate per thousand is lower now than it was before the last period of price inflation, and the publication whose circulation is more expensive than ever?)

E. H. AHRENS, Publisher, Ahrens Publishing Company, Inc. New York City

ONLY by making common cause against popular fallacies can we overcome them. Write me personally concerning those with which you and your business are struggling. Fallacies afflicting your own and other businesses are discussed regularly in these pages and, through the courtesy of the National Broadcasting Company, over a nation-wide radio hook-up at 7:45 p.m. (E.S.T.) every Thursday.

MERLE THORPE

... HOW CAN YOU
... BUILD SALES?
DECREASE EXPENSE?
INCREASE EXECUTIVE
EFFECTIVENESS?
Ediphone
EDISON'S NEW VOICE-WRITER
**USE
VOICE
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GET THE DETAILS!
THE EDIPHONE • ORANGE, NEW JERSEY
business. How can VOICE
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I'd like to see your new book, "Now-How About MY
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NAME _____
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**WORLD-WIDE SERVICE IN ALL
PRINCIPAL CITIES**

1/2-TON DELIVERY**\$375****CHASSIS F.O.B. FACTORY
AT DETROIT***... never before
at these low prices!***1 1/2-TON****\$525****CHASSIS F.O.B. FACTORY
AT DETROIT**

NO LONGER need Dodge quality be sacrificed because of price . . . Now you can be assured of Dodge performance, Dodge dependability and Dodge low operating and upkeep cost without the need for higher initial cost.

Into the field of lowest price go Dodge Trucks . . . Right down with the lowest in price . . . Not \$50 or \$100 higher but at prices that challenge the entire field of lowest-priced trucks.

Not lowered quality standards but higher manufacturing efficiency and greater manufacturing economy have made these low prices possible. Dodge high quality and Dodge dependability are still there and

will remain there. See your nearest Dodge Brothers dealer. Test and compare these modern Dodge Trucks. Find out what your dollars will now buy in quality Dodge Trucks —built to work and earn.

DEPENDABLE DODGE TRUCKS

For any heavy-duty need, there is also a size and type of Dodge Truck to fit. Gross capacities range up to 25,000 pounds . . . and higher for tractor-trailer service. Prices are low on any basis of comparison.

When visiting a DODGE TRUCK dealer please mention Nation's Business

Fly



UNITED AIR LINES the Pioneer Coast to Coast Air System

FLYING "United" you span great distances with astonishing speed in large, luxurious, heated cabin planes! You can travel from New York by the Great Lakes to Texas with the loss of only one business day; from the Pacific to the Atlantic Coast with only one business day en route—the fastest transcontinental service. This great system serves 45 cities and 19 states with rail and plane connection to scores of other places. "United" is "air travel at its best"—the only air line in the world with a record of 35 million miles of flying experience.

BOEING AIR TRANSPORT
NATIONAL AIR TRANSPORT
PACIFIC AIR TRANSPORT
VARNEY AIR LINES

Pioneer air mail passenger plane operators on five strategic routes



New Low Rates
Now it costs substantially less to travel by air via United Air Lines. Drastic rate reductions affect 136 cities. Below are a few examples. 10% reduction on Round Trips.

	HRS.	FARE
NEW YORK to Cleveland . . .	3½	\$ 32.00
Toledo	5	38.15
Chicago	7¼	47.95
Pacific Coast	31	160.00
CHICAGO to Kansas City . . .	4	25.00
Dallas—Ft. Worth . . .	10	54.50
Salt Lake	15¼	80.28
Pacific Coast	23¼	115.00
SAN FRANCISCO to Los Angeles	2¾	18.95
San Diego	4¼	22.95
Portland	5½	35.16
Tacoma	6¾	42.36
Seattle	7¼	43.98

Fares include meals aloft

Call United Air Lines in your city, or Western Union, or transportation desks at leading Hotels and Travel Bureaus for reservations, or write or wire UNITED AIR LINES, La Salle-Wacker Building, Chicago, Illinois.



UNITED AIR LINES

Subsidiary of
United Aircraft and Transport Corporation

be regulated in their interest, which is a recognition of the principle.

It is common experience that a regulatory structure never diminishes. It always grows. The transportation law began as a protection of both roads and customers and now there are 5,000 federal statutes and perhaps 20,000 state laws bearing on railroad regulation. There comes a time when the regulations and the situation become too complex to be workable.

"Regulation, to speak baldly and yet accurately, means that the Government undertakes to direct and control the management of the roads within certain limits that are capable of more or less indefinite expansion."

He finds this authority and responsibility are divided with a consequent extravagance in time and money. The corporations resist the commissions, the commissions resort to clumsy and costly means of fact finding as a preliminary to their exercise of authority. The courts, through their decisions, share the executive authority with the owners and the commissions.

"Such a system runs counter to what are ordinarily regarded as sound principles of management."

A clash of regulations

THE inevitable increase in the number and scope of regulations must produce that "clash in authority which becomes the more acute the more active public regulation is. The thought must suggest itself that a better way would be for the Government to take over these public functions and assume complete and undivided responsibility for their management in place of the partial responsibility which it has already assumed. At one stroke it would eliminate" various troublesome questions, including the interference of the courts.

The Interstate Commerce Commission was directed by Congress to fix rates which should produce an adequate return upon the valuation of the roads. Mr. Eastman admits this has never been done. In its latest report the I. C. C. admits that the roads have been starved in that they have not been permitted to make enough profits in good years to carry them through bad seasons. As one of 19 desired changes in the law the I. C. C. has asked Congress to permit it to fix rates without regard to railroad valuations. The structure of regulation and management would thereby be extended. Even now the I. C. C. instructs railroad men in the icing of melons and the sweeping out of live stock terminals.



NEWS!

NEW IMPROVED ETHYL GASOLINE

Announced this month

Fleet Owners Benefit by Oil Companies' Advance

PRACTICALLY overnight—every fleet operator who uses Ethyl Gasoline finds himself with better equipment. Without so much as turning a set-screw he is now getting better performance from every unit. Better performance because he is getting better gasoline.

Why the change?

Ethyl was created to fill the need of the automotive industry for a fuel that would allow more efficient engines of higher compression ratio. In the years Ethyl has been on the market every manufacturer has increased the compression of his engines. Nearly every passenger car manufacturer—and several leading manufacturers of heavy duty engines—now offer high compression as either standard or optional equipment. Some super-high compression engines are now being sold.

The oil companies selling Ethyl Gasoline have always met the demands of automobile engines. They intend to keep abreast of future needs. The

anti-knock standard of Ethyl Gasoline is raised to make sure that—in the future as in the past—Ethyl will always bring out the *full* performance of *any* engine.

Put away your test apparatus

You need never test Ethyl Gasoline. Before a refiner adds Ethyl fluid to his gasoline, a sample goes to one of the Ethyl laboratories, where it must pass strict tests for gum, sulphur, distillation characteristics and other qualities of good motor fuel. Only after it has passed these tests is the prescribed amount of Ethyl fluid added to bring it up to the standard of the new improved Ethyl Gasoline.

Consider Ethyl for your fleet now. Ethyl Gasoline has proved the most economical motor fuel for many operators, under varying conditions of equipment and operation. Now, when economies are of extra importance, Ethyl Gasoline offers you an even greater value, an even higher quality. Ethyl Gasoline Corporation, New York City.

Use Ethyl for Safer, More Efficient Operation

The pounding of a knocking engine is as bad on the driver's nerves as it is on the engine. *He isn't likely to take care of the truck he feels is ready for the scrap heap.* Ethyl stops knocking.

The greater power of Ethyl eliminates much gear shifting—another point for saving driver fatigue and preventing accidents; it eliminates much of the slow traveling in low gear. With Ethyl there is less tendency to "whoop it up" when a hill is in sight. Use Ethyl for safety.



Ethyl fluid contains lead

ETHYL GASOLINE



Your Business and Banking Service

AMPLE resources, exceptional facilities, and long experience in rendering commercial banking service to important organizations in every major line of American industry, place this Company in an advantageous position to serve your business. We invite you to discuss your requirements with us.

Guaranty Trust Company of New York

140 BROADWAY

FIFTH AVENUE at 44TH STREET MADISON AVENUE at 60TH STREET

LONDON PARIS BRUSSELS LIVERPOOL HAVRE ANTWERP

Capital, Surplus and Undivided Profits \$284,959,038.49

Will Pensions Work in Our Case?

(Continued from page 30)

deal every year, but in the aggregate a lot of money.

"Take a man who has already been with us 20 years and is 50 years old today. Let's say his salary is \$200 a month. We ought to have had an annuity of two per cent for him every one of these 20 years. That is 40 per cent of his \$200 a month salary, or \$80 a month, which is worth about \$4,000.

"There are a lot of these men and I figured up how much it would cost to buy them annuities equal to what we would have bought if we had had such a plan from the start."

The treasurer unfolded a rather formidable sheet of figures.

"It wasn't practical to go back and find the actual salaries of all these men from the beginning. So I took the present salary as a basis, and found that the value of annuities to cover them all to the extent of two per cent of present salary multiplied by years of past service would be nearly \$800,000."

Again the president whistled.

"Yes," said the treasurer, "I agree with you. Too much money. Besides this figure is taking everybody at his top salary—quite a bit more than the average. So I just cut it in two and made the figure \$400,000 which is still a lot of money. That \$400,000 represents a charge we ought to have been making in the past. So, if we ever set it up, it ought to be charged against surplus."

"You mean," said the president, "that you want me to consider putting \$400,000—40 per cent of a year's pay roll—aside at one crack in cash?"

Building a reserve slowly

"NOT necessarily," said the treasurer, "though such things have been done, and of course we could do it if we had to. My idea would be to take about \$30,000 a year to sink this old deficit just as we wrote off depreciation on the old Second Avenue factory after we came here."

"You mean this \$30,000 is in addition to the \$35,000 you were talking about a few minutes ago."

"That's it," said the treasurer. "It looks like 6.5 per cent of pay roll, doesn't it? A pretty heavy charge."

"I told you there was another side to the picture and so there is. Every time a man quits we get full credit for the cost of his annuity plus interest on the

BIG AND NEW 1½ TON FEDERAL 6 \$695

Standard 130" W. B. Chassis F. O. B. Detroit 4-Cylinder Chassis furnished at lower price of \$670

Federal enters the low-priced truck field with the most sensational values ever known. This 6-cylinder, 1½-ton Federal at \$695 stands in a class by itself. It is ALL-TRUCK throughout—its parts are exclusive truck parts. 72 H.P. motor—full-floating rear axle—4-speed transmission—6-inch frame—4-wheel hydraulic brakes—are all outstanding features. This new truck will last twice as long as the ordinary low-priced truck and will out-perform many trucks selling for twice as much. Here is Federal's answer to American industry's question, "How can we reduce our hauling costs?" See your Federal dealer—or write factory for full information.

SEE THE NEW 3-TON FEDERAL 6-WHEELER AT \$1050

4-cylinder single drive \$1050; 4-cylinder dual drive \$1350; 6-cylinder single drive \$1150; 6-cylinder dual drive \$1450; chassis f. o. b. Detroit

This new 3-ton Six-Wheeler—a truck of exclusive Federal design, engineered by Federal, built by Federal, is creating a sensation. Never before has so much truck with so many patented features been offered

at anywhere near this price. Other Federal models up to 7½ tons are just as outstanding in value. Know what Federal has to offer. Investigate Federal before deciding on the purchase of any new equipment.

FEDERAL MOTOR TRUCK CO. DETROIT MICH.

When visiting a FEDERAL TRUCK dealer please mention Nation's Business



**"AIR TRAVEL saved 66%
in time and 50% in money"**
—says a nationally known executive

"Before I used the Airway," continues this motor car company president,* "my annual Western trip cost me roughly \$1,000 in cash, and took approximately three weeks. By means of organized air transportation I now make this same trip three or four times a year, and I lose only four full days and one half day from the office. My average expense is only about \$458. . . In other words, I am saving approximately 50 per cent in money, and two-thirds in time."

You and your business associates can easily make similar savings — overcome waste travel motion, and eliminate time and profit consuming journeys by slower travel methods. In addition, you can show an actual travel profit for your company — if you take advantage of the dependable, nationwide travel service offered by American Airways — the nation's leading air transport company.

*Name on request

The American Airways transcontinental line, between New York and Los Angeles over the Southern "Fair Weather" route, is typical of the economical and pleasurable services we offer. Complete nationwide time table on request from any American Airways office, leading hotel, travel agency or Postal Telegraph.

AMERICAN AIRWAYS Inc.

COAST TO COAST • CANADA TO THE GULF

Directly
Serving 60
Major
American
Cities



Nationwide
Passenger
Air Mail
Express
Services

"TIME • The Great Factor in Modern Business"

When writing to an AMERICAN AIRWAYS office please mention Nation's Business

money from the time we put it up. Employees who quit because they are totally disabled or die have been discounted by the insurance company in the rates, but the credits on account of the rest amount to quite a little. The best part of the picture is this:

Employees help pay for pensions

"THAT, if it is explained to them, our employees will join us in paying the cost. I find that a good many concerns are making this offer and the employees seem glad to come along with them. My friend at the bank tells me their people have been contributing three per cent to the pension fund for years and they never have any trouble with it."

"What happens," said the president, "to the employee's money when the employee quits?"

"Oh, that he gets back; and if he dies his family gets it back."

"Insurance people tell me that, by and large, a contribution of three per cent of pay by the employees, including the return of the employee's money, pays for a pension of about one-half per cent of average pay. That means we should save perhaps 25 per cent of our cost—say \$8,000 or \$9,000."

"How do you make that out, George? You told me we were going to spend about \$35,000 for what you call 'current annuities' and about \$30,000 for 'past service annuities,' which makes \$65,000. A quarter of that is nearer \$15,000 than \$8,000."

"Just so, Mr. Fowler, but the trouble is the employees can't be induced to pay anything on the past service—because they haven't got the money. All the saving we can get comes in the future."

"I see," said the president. "Then the situation comes to this. We offer our employees a pension scheme that provides a life annuity, beginning at age 65, amounting to one per cent of present salary multiplied by years of past service, plus two per cent of total future earnings. This means that a man with a \$1,500 salary who had been with us 20 years would receive an annuity for past service amounting to one per cent of \$1,500 times 20 years, or \$300; and if this man were 50 years old—thereby having 15 years to go before retirement—he would receive an annuity for future service amounting to two per cent of \$1,500 for each of the 15 years remaining, or \$450. Adding his past and future service benefits together, this employee would receive at retirement a total life annuity of \$750, which, in this case, happens to be half pay."

"Toward the cost of this he would

NEW YORK LIFE

INSURANCE COMPANY

51 MADISON AVENUE, NEW YORK, N. Y.

A MUTUAL ORGANIZATION, FOUNDED IN 1845

INCORPORATED UNDER THE LAWS OF THE STATE OF NEW YORK

87TH ANNUAL STATEMENT, DECEMBER 31, 1931

ASSETS (itemized below)	\$1,890,144,880.69
LIABILITIES (itemized below)	\$1,770,472,137.51
EXCESS OF ASSETS OVER LIABILITIES (General Contingency Fund)	\$ 119,672,743.18

DIRECTORS

JOHN E. ANDRUS Manufacturer, The Arlington Chemical Co.
NATHANIEL F. AYER Treasurer, Cabot Manufacturing Co., Textiles
CORNELIUS N. BLISS Chairman of the Board, Bliss, Fabyan & Co., Inc.
MORTIMER N. BUCKNER Chairman of the Board, New York Trust Company
THOMAS A. BUCKNER President, New York Life
NICHOLAS MURRAY BUTLER President, Columbia University
CHARLES A. CANNON President, Cannon Mills Co.
CALVIN COOLIDGE Former President of the United States
GEORGE B. CORTELYOU President, Consolidated Gas Company of New York; Ex-Secretary of the Treasury
WILLIAM H. DANFORTH Chairman of the Board, Ralston-Purina Co.
JAMES G. HARBORD Chairman of the Board, Radio Cor- poration of America; Former Major- General, U. S. Army
CHARLES D. HILLES Resident Mgr., N. Y. State Employers' Liability Assurance Corp.
HALE HOLDEN Chairman, Executive Committee, Southern Pacific Co.
CHARLES EVANS HUGHES, Jr. Hughes, Schurman & Dwight Former U. S. Solicitor General
ALBA B. JOHNSON Philanthropist, Former President Baldwin Locomotive Works
PERCY H. JOHNSTON President, Chemical Bank & Trust Co.
WILLARD V. KING Retired Banker; Trustee, Columbia University
DARWIN P. KINGSLEY Chairman of the Board, New York Life
GERRISH H. MILLIKEN Deering, Milliken & Co., Dry Goods Commission House
FRANK PRESBREY Frank Presbrey Co., Advertising
JOHN J. PULLEY Chairman of the Board, Emigrant Industrial Savings Bank
GEORGE M. REYNOLDS Chairman of Executive Committee, Continental Illinois Bank & Trust Co.
J. BARSTOW SMULL Vice-Pres., J. H. Winchester & Co.; Pres., N. Y. State Chamber of Commerce
JESSE ISIDOR STRAUS President, R. H. Macy & Co., Inc.
RIDLEY WATTS Retired Merchant; Director, Chemical Bank & Trust Co.

ASSETS

		Per Cent of Total
Cash on Hand or in Bank	\$ 9,792,153.75	.52
United States Government Bonds	47,531,980.91	2.51
State, County and Municipal Bonds	115,177,905.97	6.09
Public Utility Bonds	151,189,300.14	8.00
Industrial Bonds	19,793,579.91	1.05
Railroad Bonds	383,112,490.26	20.27
Canadian Bonds (Dominion, Province, City, etc.)	38,381,749.63	2.03
United Kingdom of Great Britain & Ireland Bonds	4,984,694.80	.26
Other Foreign Bonds	2,179,464.57	.12
Preferred and Guaranteed Stocks	62,402,545.00	3.30
Real Estate Owned (including Home Office)	37,777,895.52	2.00
First Mortgages on City Properties	547,233,154.68	28.95
First Mortgages on Farms	26,003,152.14	1.37
Policy Loans	379,479,403.29	20.08
Interest and Rents Due and Accrued	31,938,020.47	1.69
Other Assets	33,167,389.65	1.76
Total	\$1,890,144,880.69	100.00

(In this statement, bonds not subject to amortization and all stocks are valued at market quotations as of December 31st.)

LIABILITIES

Reserves—For All Contractual Obligations	\$1,698,495,195.70
For Dividends Payable in 1932	63,210,338.00
For Taxes	6,463,925.07
Other Liabilities	2,302,678.74
Total Liabilities	\$1,770,472,137.51
General Contingency Fund	119,672,743.18
Total	\$1,890,144,880.69

POLICY PAYMENTS AND INSURANCE STATEMENT

Paid to Living Policyholders (Including Dividends)	\$156,096,109.08
Paid to Beneficiaries in Death Claims	71,487,826.31
Total Paid to Policyholders and Beneficiaries in 1931	\$227,583,935.39
New Insurance Paid for in 1931	\$673,123,000.00
Insurance in Force December 31, 1931	\$7,657,373,158.00



10... or 10,000 miles away

On Easter Sunday, March 27, what more fitting remembrance to an absent one than a lovely plant or bouquet of flowers! Make your selection now, at an F. T. D. florist's! This *bonded* service will speed your gift across the miles, swiftly and unerringly.

For Distant Flower Deliveries

THE "MERCURY" WAY is Guaranteed!

Look for this emblem whenever you order flowers by wire. It indicates a member of Florist's Telegraph Delivery Assn.



When writing please mention Nation's Business

have paid \$45 a year for 15 years or say \$675. We will put up say six per cent of our total pay roll, using as much as is necessary to make up the full price of the annuities for the present and all the rest, plus all the credits we get when men leave us, to apply toward the past. Am I right in this?"

"That's about the story, Mr. Fowler. Of course after the past service deficit is made up our cost will go down. Also we could decrease our cost by decreasing the amount of the pension. I didn't suggest that, because the people I have been writing to tell me that one of their principal difficulties is that the pensions they have been giving on the old basis of one per cent of final pay are too small, and that, in many cases, men have been kept on the pay roll long after they should have been dropped, partly because they needed their active pay and partly because the pension is getting bigger year by year."

"That sounds reasonable. How does this work out on our merchandise cost?"

"Well, sir, last year we did a gross business, in round numbers, of slightly more than three million dollars. This pension scheme would cost about 2.5 per cent of that."

"Our gross profit was just under \$900,000. Our sales and general overhead a little less than \$600,000. Net profit about \$300,000. Our dividend disbursements of \$10 a share on 20,000 shares left us last year about \$100,000 for reserves of one kind or another."

"The pension scheme would make quite a dent in that reserve account. But, unless something very unexpected happens, I don't think our dividends would be affected."

"George," said the president, "somehow I have an idea that that addition of say six per cent to our pay roll would

not add six per cent to our labor cost. When we pay a man \$30 a week nobody knows whether we are paying him \$1.50 too much or \$1.50 too little. Every time we have raised wages our labor costs have dropped."

"I believe that, if our men thoroughly understood this scheme, if they thoroughly understood that for every \$100 we were paying them we were putting \$6.00 aside for their individual benefit, we would get a good deal more than \$106 worth of result from the expenditure. I feel sure that our labor cost would actually go down again."

"Get hold of your insurance man. Let me see the thing worked out in detail. Give me the whole business on a single sheet of paper that I can show the board of directors. Have Smythe draw the necessary resolution. And we will put this thing through at the next meeting."

Dull business didn't hurt the plan

ALL THIS happened more than two years ago when business was at its peak.

The Fowler Manufacturing Company, along with most other businesses, ran into a period of low sales. It was compelled to operate on part-time. It had to take substantial inventory losses.

Not a single employee (more than 95 per cent have joined the plan) asked to quit the pension plan. Some who in more prosperous times were the freest spenders even applied for permission to increase their savings under the scheme.

The retirement of a good many of the older men helped to avoid the dropping of younger ones. Moreover, even under all these unfavorable conditions the actual labor cost of its product, including the cost of its pension plan, was less than it ever had been in the history of the business.

Where Business Will Meet in March

DATE	ORGANIZATION	CITY
1	Concrete Masonry Association.....	Washington
2	National Association of Manufacturers of Pressed and Blown Glassware.....	Pittsburgh
2-4	New England Hardware Dealers Association.....	Boston
7-9	Engraved Stationery Manufacturers Association.....	Washington
8	Empire Association of Manufacturers of Heating and Cooking Appliances.....	New York
9	Dairy Products Association of Kentucky.....	Louisville, Ky.
10-11	South Dakota Retail Lumbermen's Association.....	Watertown, S. D.
11	Clock Manufacturers Association of America.....	New York
14-15	American Institute of Electrical Engineers.....	Milwaukee
14-15	Motion Picture Theater Owners of America.....	Washington
14-17	American Society of Bakery Engineers.....	Chicago
14-17	National Railway Appliances Association.....	Chicago
14-18	American Chemical Society.....	New Orleans
14-19	American Society for Testing Materials.....	Cleveland
15	Maryland, Delaware & District of Columbia Ice Association.....	Baltimore
15-17	American Railway Engineering Association.....	Chicago
15-17	Texas and Southwestern Cattle Raisers Association.....	El Paso, Texas
16	National Association of Waste Material Dealers.....	New York
17-18	Millwork Cost Bureau.....	Chicago
21-22	Southern Conference of the National Retail Credit Association.....	Atlanta

Secretaries of national trade associations are urged to notify Nation's Business of their coming meetings. Notice of conventions should reach Nation's Business at least 30 days before date of publication of the issue in which they are to appear.



IN EVERY KIND OF BUSINESS



THIS PROFITABLE CHANGE IS BEING MADE

What will the change be worth in dollars and cents? That question is always asked when a change to National Bookkeeping or Accounting Machines is suggested.

It can be definitely answered . . . is answered with actual figures. And results following the installation usually are far ahead of expectations both in money saved and other advantages. Even where some form of mechanical accounting has long been used important savings are possible.

National builds many different types of accounting and bookkeeping machines. Whatever your individual accounting problem may be there is a National to meet it.

Posting customers' statements and ledgers. Analyzing and distributing sales, cost and other figures. Writing, signing and distributing checks at one operation. Handling installment accounts, posting bank accounts . . . for every need a machine that can show remarkable results in speed and economy.

National Accounting and Bookkeeping Machines are used today by outstanding firms in every line. Banks, department stores, wholesalers, agencies, retail stores, manufacturers, public utilities.

They mean as much to the small concern as the large. They are real profit-earners in any business. May we show you what the right equipment would mean in terms of money saved on your own work? The National Cash Register Company, Dayton, Ohio.

National
ACCOUNTING AND BOOKKEEPING MACHINES

When writing to THE NATIONAL CASH REGISTER COMPANY please mention Nation's Business



ON YOUR SIDE OF THE FENCE

In every important sales territory C. I. T. maintains a representative who is an experienced finance man. We invite manufacturers and merchants to call him in, without obligation, for discussion of any problem connected with credit selling or financing.

There need be no barrier... no hesitancy about giving him your confidence. As a banking representative he expects it. The more he is informed of your exact situation the better he can advise how you might profitably use C. I. T. Finance Service. Behind the field man is a Specialist

Organization with a record of service to leading firms in over eighty lines of business. The C. I. T. man has this fund of accumulated experience with credit selling to draw on. Also he can bring you in touch with current trends as reported from all parts of the country through the C. I. T. network of Local Offices... [Maintenance of offices in over 140 cities is an operating feature of C. I. T. Service which makes possible fast, efficient checking of credits, collections, and handling of all instalment detail, with a resulting saving to our clients].

COMMERCIAL INVESTMENT TRUST CORPORATION

Executive Offices

One Park Ave., New York

Subsidiary Operating Companies with Head Offices in New York ~ Chicago ~ San Francisco
Toronto, Canada ~ Also Completely Functioning Local Finance Offices in the Principal Cities



BANKERS TO
INDUSTRY
EVERYWHERE

CAPITAL AND SURPLUS OVER \$80,000,000

Things Talked about in Wall Street

By a Staff Writer of NATION'S BUSINESS

IN a period of depression the banking district found hope in two things:

The personnel and plan of the Reconstruction Finance Corporation and the speed with which Congress lent itself to the task of putting the administration plan into effect.

The acceptance by railroad labor of the ten per cent reduction proposed by the roads. Fully as important as the actual saving to the roads was the fine spirit displayed by the men. In the savings, estimated at \$210,000,000 was found some measure of relief for steel and other industries because railroad buying was greatly curtailed in 1931.

WITH the Reconstruction Corporation taking shape, a common question among bankers was this:

"Can it be kept free from political pressure?"

There was a fear that Congress which created the body might want to control it; that insistence that certain corporations or certain districts should have preferential treatment would be too strong to resist.

One banker had an answer. Said he: "They've probably got Charlie Dawes in there to fight the politicians and I don't think they'll lick him."

Bernard M. Baruch once told an inquirer that it took very few days to convince people that politics had nothing to do with the War Industries Board. A few rebuffs to men who had Senator So-and-So on their side or "who knew the man who could fix it with Barney Baruch" and the job was done.

SAID a banker the other day:

"A good many corporations with which I'm in touch showed a very different state of mind at the close of 1931 from that which they displayed in December, 1930.

"When it came to preparing annual statements at the close of 1930 they tried to put the best possible face on things. They wanted to go to their banks looking as prosperous as they could. They were liberal in the matter of bills receivable and inventories.

"As 1932 came along many of them

saw things differently. Instead of putting the best possible face on things they were prepared to go to the other extreme. They wrote off as bad, debts which a year before they would have considered collectible. They were strict in the matter of inventories. They seemed to feel that while a loss in 1931 might have been condoned it is up to them in 1932 to show some sort of profit and they want to start from scratch.

"I think there is one of the most hopeful things in the present situation. Companies have pretty well deflated, they made the necessary cuts in salaries and wages, they've hunted down the wastes and stopped leaks. Now they're going out after business they're not so much disturbed as to how their sales compare with 1928 and 1929 as they are with what they can sell this year and whether they can make a profit on it? The company that sold five million dollars' worth in 1929 isn't worried by that. It's figuring on whether it can sell a million and a half in 1932 and make some money!"

THIS banker's view that business moved from 1931 into 1932 in a much different spirit than shown at the close of 1930 is amply borne out by the corporation reports that came out in the latter part of January and in February. Inventories were cut, bills receivable were cut and there seemed to be a well defined trend toward reduction of capitalization. Many a corporation which tossed in stock dividends and announced "split ups" is now wishing it hadn't. A dollar a share earned on a million shares doesn't sound quite as reassuring as \$5 a share on 200,000.

"TALK about deflation," said an executive of a mid-west manufacturing company who dropped into the company's New York bank the other day. "They're certainly deflating me. Our old man got together all the men who do any traveling for the company and told 'em flat that they'd have to hunt up \$4.00 hotel rooms and keep their restaurant bills down to \$3.50 a day.

"I can do it," he said, "and so can you." And I reckon we can though none

of us is going to like it, as much as he pretended he would. And what we heard about unnecessary telephone calls, and telegraph messages was plenty."

That's deflation going down the line.

THE stock market in the early days of February was variously described as "lifeless," "listless," "at a standstill," "stagnant." Any phrase would do. It barely turned over in its sleep when General Motors and Steel reduced dividends and when the announcement was made that Mills *vice* Mellon would be Secretary of the Treasury. There was a day when a report that Mellon might resign was enough to stir speculators.

"THERE'S no patriotism in the pocket-book," is a cynical saying which has more than once been disproved. It doesn't need a long memory to recall bond buying enthusiasm and giving in war times.

Now the President has appealed to the United States to stop hoarding, to take the money out of the stocking and the sugar bowl and put it back in the banks. He says that more than \$1,310,000,000 has been hoarded in the past year and the figures of federal note circulation which came out the next day showed that there had been no lessening of the rush of money into hiding. The President's figures show a *per capita* hoarding of more than \$10.

Now bankers are wondering whether the appeal will be effective and if the group which the President has called together can convince the public that the place for dollars is in the bank or in action. Can you kill fear by fiat?

AS THE National Reconstruction Corporation got into action a good many questions were asked as to what the National Credit Corporation, formed in October to relieve the banking situation, had accomplished. Here in substance is the answer as set forth by men who have been close to the management of the Credit Corporation from its beginning:

In the first place the Corporation was never intended to be other than a tem-

Why NATIONAL is Preferred Equipment in Modern Offices



Where Ring Binders Have Got to Stand Up The Steel Hinge is Standard



Flattened Steel Rings have greater capacity and are easier on punched sheets. Available in 3 or 7 rings.

Yet with all these advantages NATIONAL steel hinge equipment costs no more than ordinary ring books. You can see these remarkable books, with other NATIONAL equipment comprising everything from the smallest memo book to machine bookkeeping equipment, at leading stationers' in nearly every city.

WHEREVER you find businesses that are mighty particular about the binders that house their important records you're likely to find NATIONAL equipment is standard. There are plenty of reasons for this.

In ring books and ring binders, for instance, there's the steel hinge, an exclusive NATIONAL feature.

Where ring binders have *got* to stand up under the stress and strain of hard usage steel hinge equipment is standard because:

It is *strong*—the patented steel hinge, riveted right into the cover, anchors it to the back mechanism for a business lifetime of wear.

It is *flexible*—steel hinge books open flat and lie flat for easy writing.

Ball Bearing Booster Levers open rings wider and lock them tighter.

Use Your Accountant's Constructive Counsel

YOUR public accountant is more than a mere auditor; he is an expert in record-keeping practice. He can give you constructive counsel in setting up or rearranging any of the records of your business for greater efficiency. Why not commission him to survey your entire bookkeeping setup and make suggestions for its improvement? His expert advice can effect great savings for you.

porary measure. Mr. Hoover asked the bankers to take this step to bridge the gap from October, when the bankers were called together, until such time as Congress could act on the larger, more permanent plans of relief. It seemed wiser to ask the banks to take steps toward mutual self-help than to summon Congress in extra session.

It was an organization of bankers—for bankers. It was intended to help those banks which were in need and whose condition was such that they merited relief. It was plain from the beginning that not all applicant banks would be in this class. It was plain also that no small group of directors could intelligently pass upon applications from all over the country, particularly when speed of action was a prime necessity. For that reason regional committees were set up to advise on the conditions of banks that wanted help. They knew the condition of their neighbor banks and, in practically every case, their judgment has proved sound.

The new corporation was in action in an incredibly short time. It began making advances to banks in need even before it had settled all the details of its own organization and of the methods of raising funds. It has continued in action steadily and will carry on until some other agency, probably the Reconstruction Finance Corporation, is ready to take over its job. Then it will clean up its affairs as rapidly as possible and shut up shop as it was intended to do in the beginning.

IN THE first four months of its existence from early October to February the Corporation was able to extend help to 750 banks in nine out of the twelve Federal Reserve Districts. In other words, the help extended was nationwide. There was never any question of where the bank was located or whether it was a large or small bank. The only question was whether the bank was in such condition that help would be really effective.

In the beginning the banks were asked to subscribe \$500,000,000 for the purposes of the Credit Corporation. They actually did subscribe about \$450,000,000 and about half of this was pledged by the two cities of New York and Boston.

In all more than \$150,000,000 was extended for relief. In some cases it was found possible to alleviate situations by proposing, and helping to carry out, mergers of banks.

Practically all of the money advanced to distressed but basically sound banks



National

Steel Hinge Ring Books



MADE BY NATIONAL, MAKERS OF LOOSE LEAF LEDGERS, POST BINDERS, VISIBLE RECORDS, MACHINE BOOKKEEPING EQUIPMENT, BOUND BOOKS, STANDARDIZED FORMS AND OTHER BUSINESS RECORD DEVICES

Write for FREE Booklet, "The Modern Business Office," illustrating the many uses of this and other National equipment

NATIONAL BLANK BOOK CO., Dept. Q5, Holyoke, Mass.



"Now WHY
didn't anyone think
of that BEFORE ?"

At the other end of every container problem is a consumer—usually a woman. Building packages to *her* specifications, designing them for *her* convenience, brings a dollars-and-cents reward that both manufacturer and can-maker do well to take into account.

The improvements you see about you in the containers of so many products are remaking industries. We are proud that so many of them came from Canco minds.

All the containers we make are not famous—but the fame of many is already in the bud. We think with pleasure of the great businesses we served when they were small (except for a big idea) whose containers by the millions we still make. We think with pleasure of many businesses today not yet great, whose containers we are making the best we know how. As they grow, we grow. Some of them will one day be great.



**AMERICAN
CAN COMPANY**

Who CAN PROFITABLY USE THE Lettergraph?

MERCHANTS? YES!
TEACHERS? YES!
PREACHERS? YES!
CLUBS? YES!
MANUFACTURERS? YES!
HOSPITALS? YES!
HOTELS AND RESTR'S? .. YES!
BANKS? YES!

ANY business or institution which requires duplicate copies of anything typed, written or drawn can save on printing bills by using the Heyer Rotary Lettergraph. Over 30,000 are now in use. You can make up to 1,500 neat, exact copies an hour, in one or more colors, from postcard to letterhead size sheet. Work equals that of most expensive duplicators. Write today for convincing samples printed on Lettergraph.

Completely Equipped
\$35



See your stationer
or mail coupon for

10-DAY TRIAL OFFER

HEYER ROTARY
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Cleartype Dry Stencils and
Supplies for All Duplicators

HEYER DUPLICATOR CO., INC.
(Established 1903)

913 West Jackson Blvd. Chicago, Illinois
Send details of your 10-day Trial Offer.

Name
Address
City State

When writing please mention Nation's Business

will, in the opinion of the executives of the Credit Corporation, find its way back to the lenders.

ANOTHER of the complaints brought against the Credit Corporation takes this form:

"I thought that the Credit Corporation would put an end to bank failures, yet bank failures seem to have gone on in the last few months about as regularly as ever."

The answer is that the corporation was never intended to prevent all bank failures. It was intended to prevent, and did in many cases prevent, failures of banks that were in such shape that they deserved to live and could be tided over; it never was intended to step in and perform the miracle of curing the incurable.

Men who are close to the work of the Credit Corporation will tell you that there are in this country too many banks which had their origin in politics or in local pride or in a belief that banking was an easy way to make money and one which called for no great amount of special training. Such banks, undercapitalized and poorly manned in the beginning, found themselves exposed to great temptation in the war and post-war boom times.

They built on an unsound foundation and now they face the alternative of raising more capital from their stockholders and starting all over again, or of shutting their doors and letting stockholders and depositors do the best they can.

AND what is true of banks in farming communities is true of banks in every community. Some exercised judgment and restraint and are now in good shape. Others made mistakes but can pull through. There are some, however, that cannot and should not be helped.

It was the job of the Credit Corporation to help those in the second class. The men who have watched its work closely will tell you that it has done a great deal along that line.

That it has saved banks which otherwise would have shut their doors and that sometimes the mere fact that such an agency existed and could be turned to, if necessity arose, has strengthened the backbones of banks and helped them to pull through.

I PUT to Fred W. Shibley, vice president of the Bankers' Trust Company, whose business brings him in contact

He Swore Off Smoking in no Gentle Words

Yet Anger Cooled When He Found This Tobacco

It's no joke when a pipe smoker's pipe goes back on him. After all, as many a man will tell you, there's nothing that takes the place of a pipe and good tobacco. Mr. Clarence C. Strohm well knows that, as you will see after reading his interesting letter.

Harrisburg, Pa.
March 27, 1930

Larus & Bro. Co.
Richmond, Va.

Gentlemen:

I thought you might like to know how I became converted to Edgeworth Smoking Tobacco.

One day I had an attack of heartburn and my pipe tasted terrible. I threw it on the office floor and swore off smoking in no gentle words. Then up spoke one of my co-workers and said, "Why don't you try a pipeful of my Edgeworth, and I'll lay you a bet of ten to one that you like it."

Well, for the sake of an argument I tried a pipeful and doggone, that Edgeworth tasted like honey!

Needless to say, I lost the bet, but believe me it was worth it, for I discovered the greatest pipe tobacco in the world.

Sincerely yours,

Clarence C. Strohm

If you've never been able to find a pipe tobacco that really satisfied, try Edgeworth. But don't make a ten-to-one bet with some Edgeworth fan, because the chances are more than ten to one that you, like Mr. Strohm, will lose—although, like him, you'll probably be glad you did!

It's amazing how many enthusiastic letters have been received praising Edgeworth. There seems to be something about this cool, slow-burning smoke that makes happy smokers. Perhaps it's that special Edgeworth blend of fine old burleys with its natural savor insured by a distinctive and exclusive eleventh process.

Your name and address, sent to Larus & Brother Co. at 119 S. 22d St., Richmond, Va., will bring you a free sample packet of Edgeworth. You can be sure of finding the same quality in the Edgeworth you buy at any tobacco store, for Edgeworth quality is always the same.

You can buy it in two forms—Edgeworth Ready-Rubbed and Edgeworth Plug Slice. All sizes from the 15-cent pocket package to the pound humidior tin. Some sizes come in vacuum tins. And, by the way, you'll enjoy listening to the Dixie Spiritual Singers as they sing in the Edgeworth Factory over the N. B. C. Blue Network every Thursday evening.



When writing please mention Nation's Business

with many industries, the usual commonplace question:

"How does business look to you?"

He answered:

"You've seen a thunderstorm gather, break and disappear. You know that as it passes over there comes a time when the rain loses its intensity, the lightning is less brilliant and is in the East, you still hear thunder but it's passing over."

"About then you look for the red streak in the West that tells you that the storm is over."

"Well just now I'm looking for that red streak in the West. I can't see it but I am confident that it will show soon. I know the rain is less severe and that the thunder and the chain lightning have passed over us."

"That's the way I feel about business. We'll have some more rain, perhaps, but it won't be quite as severe and before long we shall see the red streak. However, it will be some time before the sun is shining, and everything is dried out."

THE action of the New York banks in banding to prevent withdrawals of American gold coins to sell at a premium to hoarders in Europe gives a striking picture of the fear that hovers over the world. Reports from Europe say that \$20 gold pieces have sold for as high as \$24. When a nation is suspicious of its own money, when its credit hangs in the balance, business can't thrive.

The menace of the unbalanced budget and its results is not confined to Europe.

"MOST of us," said a banker, "have heard of Gresham's law that bad money will always drive good money out of circulation. I remember a picturesque proof of the workings of the law some years ago. I was in a South American country whose currency was all but worthless. Its unit was nominally worth a dollar and was actually worth a cent. A business man with whom I was talking took from his pocket ten ragged dirty bills which ought to have been worth \$10 and paid for two glasses of beer."

"He laughed when I looked at the money and took from his pocket a stout leather wallet. In it were a number of gold coins, French, English and American—this was long before the war."

"I wouldn't think of spending one of those," he said, "or even of putting them in the bank. If I did I'd draw out depreciated paper and the bank would hold the gold as long as possible."

"That's what is happening to our gold coins in Europe."



Before-and-after views taken at The U. S. Cold Storage & Ice Co., Chicago.

NEW WALLS FOR OLD

THE 1932 PROBLEM of "getting along with what we have" need not stand in the way of office modernization.

Hauserman Partitions and Wainscoting plus Hauserman Planning Service can transform any space into beautiful, practical offices at costs well within the 1932 budget.

There is a type of Hauserman Partitions for every purpose from the time keeper's office to the president's suite, and for every type of industrial, commercial and office building.

Complete information on Hauserman modernization service may be obtained by writing the home office or calling any of the local branch offices.

THE E. F. HAUSERMAN COMPANY

"Organized for Service Nationally"

6826 GRANT AVENUE • CLEVELAND, OHIO

Factory Directed Planning and Erection Service from these 13 Factory Branches

Newark	Philadelphia	Buffalo	Boston	Kansas City
Chicago	Pittsburgh	Detroit	Cincinnati	St. Louis
Washington, D. C.	New York	Cleveland	Albany, New York	



See the Hauserman Gold Book of Partitions. Sweet's Catalog—Copy on request.

HAUSERMAN MOVABLE STEEL PARTITIONS

When writing to THE E. F. HAUSERMAN COMPANY please mention Nation's Business

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C THIS is one of a series of editorials written by leading advertising men on the general subject of advertising

The Power of Advertising

BUSINESS has been described as "man's mastery over nature by means of putting things in motion". Advertising might be defined as man's mastery over business by means of making things possible.

Advertising creates demand; demand creates markets; markets create outlets for goods, thereby permitting the building of great industries devoted to the making of all manner of things for the use and comfort of mankind.

Were it not for advertising, men could not perfect great inventions, building machines to make them, with an intricate system of factories, warehouses and salesrooms, and thus manufacture at a cost to permit universal sale.

In law and business, when it is considered necessary to bind a man to the strict observance of truth, or to enforce the faithful fulfillment of promise, the request is made that he "*put it in writing.*"

Thus, the old Roman dictum,—"*Caveat Emptor*" (Let the buyer beware). In these modern times, hundreds of publishers, thousands of advertisers and millions of consumers have risen in their might and proclaimed a new law of commerce,—*Imprimatur* (Let it be printed). This law of the written word is a voucher for the integrity and honesty of advertised goods.

Many millions of dollars are spent every year to introduce us to worthy goods,—to acquaint us with reputable brands, prices and standards.

We admit that it is proper to pay a fair profit on everything we buy. The way to be quite certain that we are not paying *too much* profit is to buy advertised, standardized, popularized goods.

Your market list is much like your visiting list,—have a care as to *names*. Buy on faith, reputation and integrity.

H. SUMNER STERNBERG
Advertising & Sales Counsel
New York City

The Sunday Tribune is the *wide open door* to a market of 12,200,000 people

THROUGH the Chicago Sunday Tribune you can cover a section where one-tenth of America's population is concentrated.

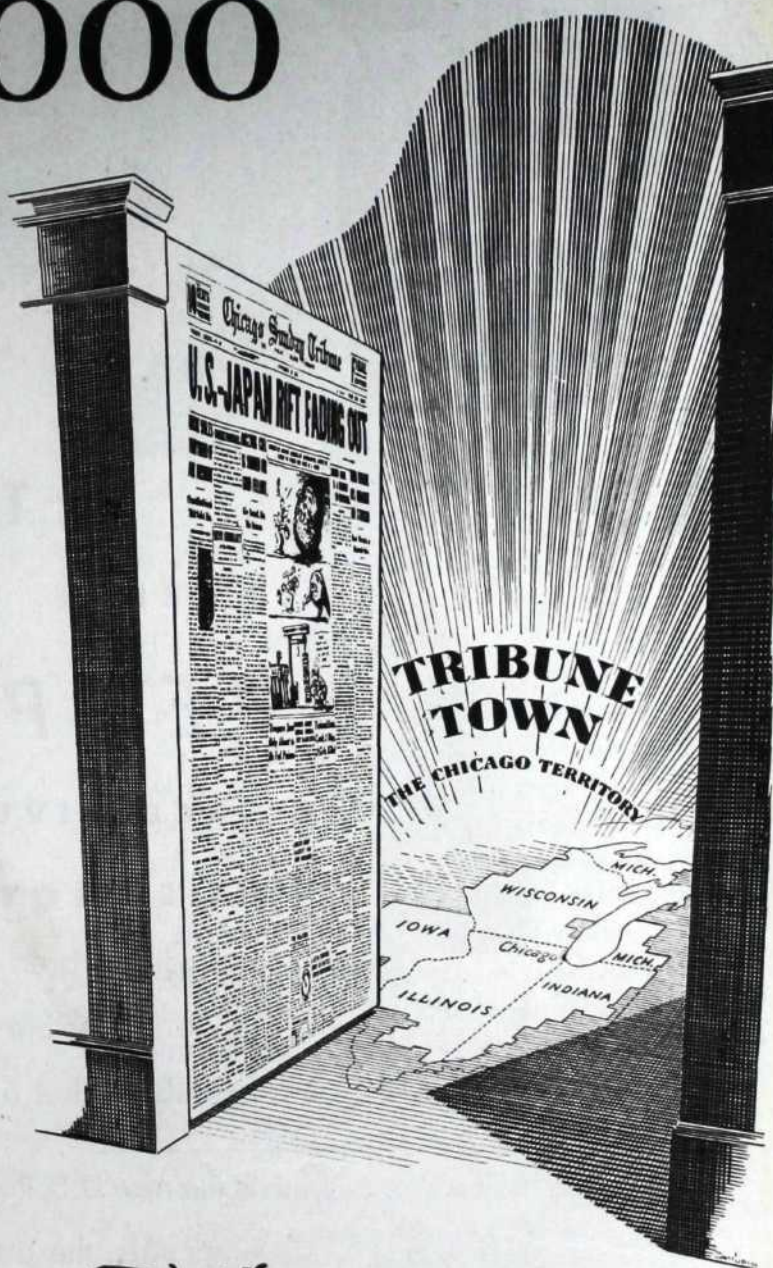
These 12,200,000 people spend over 5½ billions of dollars a year at retail—and 42% of this tremendous volume of buying is done by families that regularly read the Chicago Sunday Tribune.

Other publications have varying degrees of acceptance and influence, but the Sunday Tribune has positive dominance. You can use it alone and it will do a masterful job of selling for you in thousands of communities from Fort Dodge, Iowa, to Battle Creek, Michigan, and from Houghton, Michigan, to Centralia, Illinois.

From Chicago, where 7 out of 10 families read it, on out through rich suburbs stretching into a veritable trade empire, the Sunday Tribune goes forth as a merchandising vehicle unrivaled by any other publication.

No other newspaper has such commanding circulation in so great a market. No combination of magazines approximates its intensive coverage of this rich territory at so low a cost. 51% of the families in 704 towns and cities of 1,000 or more population read the Chicago Sunday Tribune.

Why not find out how little it costs to put this forceful selling ability of the Chicago Sunday Tribune to work for you?



Chicago Tribune

THE WORLD'S GREATEST NEWSPAPER

Eastern Adv. Office
NEW YORK
220 E. 42nd St.

Southern Adv. Office
ATLANTA
1825 Rhodes-Haverty Bldg.

New England Adv. Office
BOSTON
718 Chamber of Com. Bldg.

Western Adv. Office
820 Kohl Bldg.
SAN FRANCISCO



THE UNITED STATES
RUBBER COMPANY ANNOUNCES
TEMPERED RUBBER

EXCLUSIVE, FAR TOUGHER, USED IN

U. S. ROYALS The development of a new compounding ingredient by United States Rubber Company has made it possible to perfect a far tougher and longer-wearing rubber that actually adds thousands of miles to tire life.

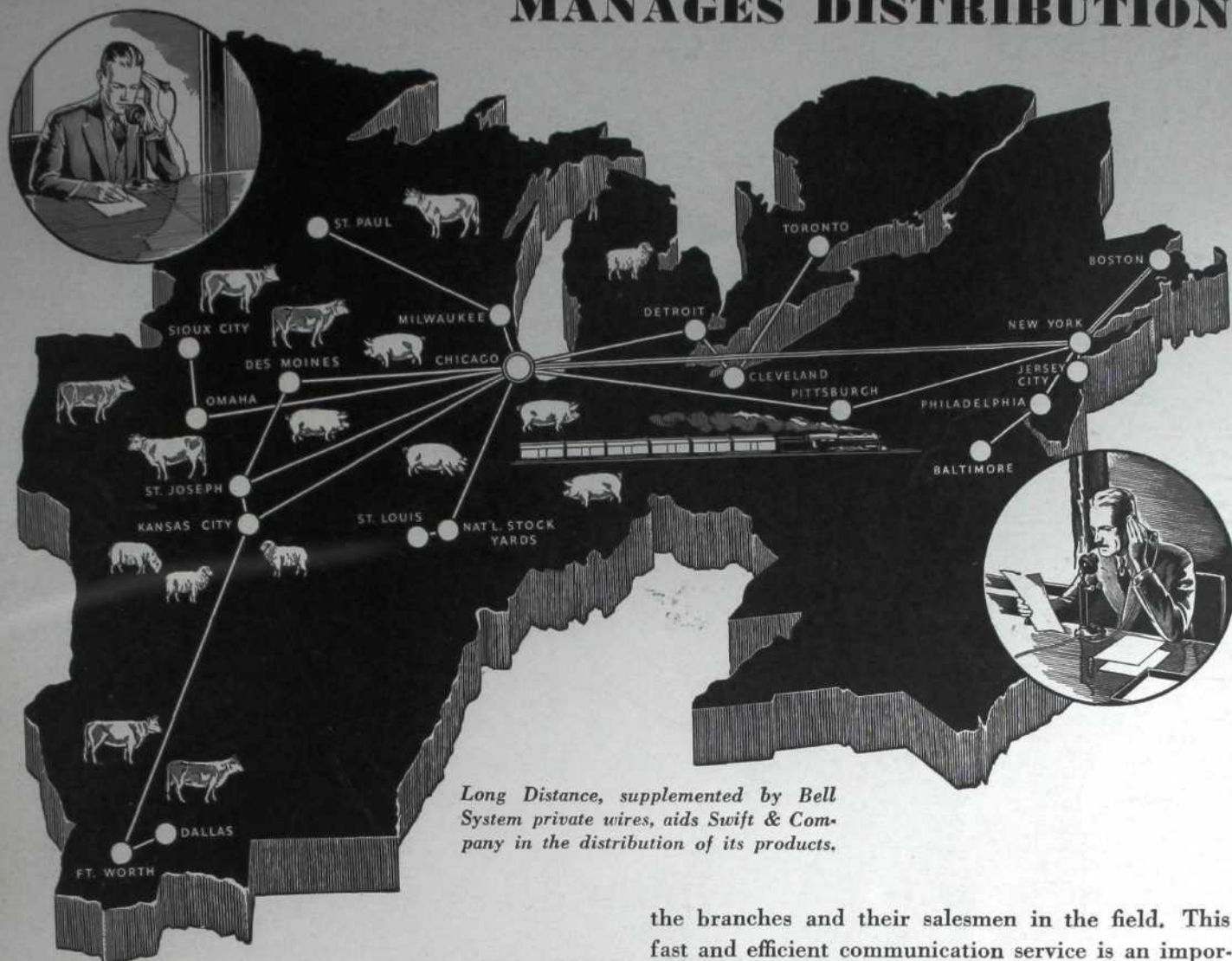
In the new U. S. Royal, choice of America's leading automotive engineers, the advantages of Tempered Rubber have been combined with silent operation, safety, and the beauty of America's Smartest Tire.

United States Rubber Company
WORLD'S LARGEST  PRODUCER OF RUBBER

When buying UNITED STATES TIRES please mention Nation's Business to the dealer

HOW A LARGE PACKER

MANAGES DISTRIBUTION



FRESH meat is perishable, and must be sold promptly. Therefore, executives of the great meat-packing organizations must keep their fingers on the pulse of markets throughout the country, so as to meet the distribution problems peculiar to their business.

Swift & Company does this largely by means of Long Distance telephone service and private wires. District sales offices also are linked to the Chicago headquarters by a Bell System private telegraph network, over which is sent last minute information.

Operations in the Pittsburgh district are typical. In this district, there are 21 wholesale branch houses. Each day, as market prices are received in the district office over the private wire network, they are given by Long Distance telephone to the branches. Communication is maintained by telephone throughout the day, between the district office and the branches, between

the branches and their salesmen in the field. This fast and efficient communication service is an important part of a definite sales plan which enables Swift & Company to serve its customers quickly and economically.

Other businesses also find the Long Distance telephone of great value in solving their particular production and distribution problems. Best results are generally obtained by following a definite plan. The Bell System, to help its subscribers build business and cut costs, has developed the Telephone Plan of Market Coverage. Features of this plan can be custom-fitted to the special needs of your company.


LONG DISTANCE COSTS ARE LOW

Typical station-to-station day rates: Pittsburgh to Washington, \$1; Toledo to St. Louis, \$1.75; New Orleans to Indianapolis, \$2.75; Boston to Kansas City, \$4.50. Evening and night rates are still lower.

JUST CALL THE BELL



TELEPHONE BUSINESS OFFICE

A black and white photograph of a man in a dark suit, white shirt, and striped tie. He is holding a cigarette in his right hand and has his left hand in his pocket. He is looking slightly to the right.

Why do more and
more smokers say:

*"I've changed to
Chesterfield"*

BECAUSE

THEY'RE Milder. It's the *tobaccos!* The mildest that money can buy. Ripened and sweetened in the sunshine... cured by the farmer... then aged for two years in wooden hogsheads.

THEY TASTE BETTER. Rich aroma of Turkish and mellow sweetness of Domestic, blended and *cross-blended* the Chesterfield way.

THEY'RE PURE. Everything that goes into Chesterfield is tested by expert chemists. The purest cigarette paper made, tasteless, odorless. Sanitary manufacture... throughout!

THEY SATISFY. You break open a clean, tight-sealed package. You light up a well-filled cigarette. Yes, sir... you're going to like *this* cigarette! And right there is where many a smoker changes to Chesterfield. *They Satisfy!*



WRAPPED IN No. 300 DUPONT
MOISTURE-PROOF CELLOPHANE
... THE BEST MADE